

STATE OF SOUTH CAROLINA

(Caption of Case)

Application of Broadview Networks, Inc. for a  
Certificate of Public Convenience and Necessity to  
Provide Resold and Facilities-Based Interexchange  
Telecommunications Services in the State of South  
Carolina and for Alternative Regulation First  
Approved in Docket No. 95-661-C

BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA

COVER SHEET

DOCKET  
NUMBER: 2007 - - C

(Please type or print)

Submitted by: John J. Pringle, Jr.

Address: Ellis, Lawhorne & Sims, PA

PO Box 2285

Columbia SC 29202

SC Bar Number: 11208

Telephone: 803-343-1270

Fax: 803-799-8479

Other:

Email: jpringle@ellislawhorne.com

NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)

☐ Emergency Relief demanded in petition

☐ Request for item to be placed on Commission's Agenda  
expeditiously

☐ Other:

INDUSTRY (Check one)

- ☐ Electric  
☐ Electric/Gas  
☐ Electric/Telecommunications  
☐ Electric/Water  
☐ Electric/Water/Telecom.  
☐ Electric/Water/Sewer  
☐ Gas  
☐ Railroad  
☐ Sewer  
☒ Telecommunications  
☐ Transportation  
☐ Water  
☐ Water/Sewer  
☐ Administrative Matter  
☐ Other: \_\_\_\_\_

NATURE OF ACTION (Check all that apply)

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> Affidavit                 | <input type="checkbox"/> Letter                            | <input type="checkbox"/> Request                   |
| <input type="checkbox"/> Agreement                 | <input type="checkbox"/> Memorandum                        | <input type="checkbox"/> Request for Certification |
| <input type="checkbox"/> Answer                    | <input type="checkbox"/> Motion                            | <input type="checkbox"/> Request for Investigation |
| <input type="checkbox"/> Appellate Review          | <input type="checkbox"/> Objection                         | <input type="checkbox"/> Resale Agreement          |
| <input checked="" type="checkbox"/> Application    | <input type="checkbox"/> Petition                          | <input type="checkbox"/> Resale Amendment          |
| <input type="checkbox"/> Brief                     | <input type="checkbox"/> Petition for Reconsideration      | <input type="checkbox"/> Reservation Letter        |
| <input type="checkbox"/> Certificate               | <input type="checkbox"/> Petition for Rulemaking           | <input type="checkbox"/> Response                  |
| <input type="checkbox"/> Comments                  | <input type="checkbox"/> Petition for Rule to Show Cause   | <input type="checkbox"/> Response to Discovery     |
| <input type="checkbox"/> Complaint                 | <input type="checkbox"/> Petition to Intervene             | <input type="checkbox"/> Return to Petition        |
| <input type="checkbox"/> Consent Order             | <input type="checkbox"/> Petition to Intervene Out of Time | <input type="checkbox"/> Stipulation               |
| <input type="checkbox"/> Discovery                 | <input type="checkbox"/> Prefiled Testimony                | <input type="checkbox"/> Subpoena                  |
| <input type="checkbox"/> Exhibit                   | <input type="checkbox"/> Promotion                         | <input type="checkbox"/> Tariff                    |
| <input type="checkbox"/> Expedited Consideration   | <input type="checkbox"/> Proposed Order                    | <input type="checkbox"/> Other: _____              |
| <input type="checkbox"/> Interconnection Agreement | <input type="checkbox"/> Protest                           |  |
| <input type="checkbox"/> Interconnection Amendment | <input type="checkbox"/> Publisher's Affidavit             |  |
| <input type="checkbox"/> Late-Filed Exhibit        | <input type="checkbox"/> Report                            |  |

Print Form

Reset Form

# ELLIS:LAWHORNE

John J. Pringle, Jr.  
Direct dial: 803/343-1270  
[jpringle@ellislawhorne.com](mailto:jpringle@ellislawhorne.com)

November 15, 2007

**FILED ELECTRONICALLY AND ORIGINAL VIA 1<sup>ST</sup> CLASS MAIL SERVICE**

The Honorable Charles L.A. Terreni  
Chief Clerk  
**South Carolina Public Service Commission**  
Post Office Drawer 11649  
Columbia, South Carolina 29211

RE: Application of Broadview Networks, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold and Facilities-Based Interexchange Telecommunications Services in the State of South Carolina and for Alternative Regulation First Approved in Docket No. 95-661-C  
**Docket No. 2007-\_\_-C, ELS File No. 582-11445**

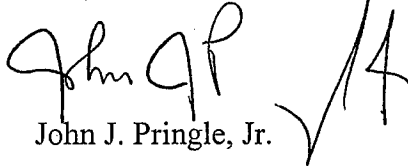
Dear Mr. Terreni:

Enclosed is the original and one (1) copy of the **Application** filed on behalf of Broadview Networks, Inc. in the above-referenced matter.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning it in the enclosed envelope.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

  
John J. Pringle, Jr.

JJP/cr

cc: Office of Regulatory Staff Legal Department  
Mr. Charles C. Hunter  
Catherine M. Hannan, Esquire

Enclosures

**THIS DOCUMENT IS AN EXACT DUPLICATE OF THE E-FILED COPY SUBMITTED TO THE COMMISSION IN ACCORDANCE WITH ITS ELECTRONIC FILING INSTRUCTIONS.**

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

<b>In the Matter of the Application of</b>	)	
	)	
<b>BROADVIEW NETWORKS, INC.</b>	)	
	)	<b>Docket No. _____</b>
<b>For a Certificate of Public Convenience and</b>	)	
<b>Necessity to Provide Resold and Facilities-</b>	)	
<b>Based Interexchange Telecommunications</b>	)	
<b>Services in the State of South Carolina and</b>	)	
<b>For Alternative Regulation First Approved in</b>	)	
<b>Docket No. 95-661-C</b>	)	

**APPLICATION OF BROADVIEW NETWORKS, INC.**

Broadview Networks, Inc. ("Broadview" or "Applicant"), by counsel, and pursuant to S.C. Code Ann. §58-9-280, respectfully requests that the South Carolina Public Service Commission (the "Commission") grant this Application for a Certificate of Public Convenience and Necessity to provide resold and facilities-based interexchange telecommunications service throughout the State of South Carolina. Broadview further requests, pursuant to R. 103-601(3) of the Commission's rules, that the Commission waive application to it of certain Commission rules, as outlined herein. Applicant requests that its interexchange services be subject to alternative regulation, pursuant to South Carolina Code § 58-9-585 , as was first granted by the Commission in Order Nos. 95-1734 and 96-55 issued in Docket No. 95-661-C.

Broadview proposes to offer resold and facilities-based interexchange services to customers throughout the geographic territory of South Carolina. Broadview anticipates that its customers will be primarily, though not exclusively, business customers. Approval of this application will promote the public interest by providing its subscribers with cost advantages realized through the provision of competitive telecommunications

services. Applicant's service will necessarily utilize existing carrier communications facilities more efficiently through increased usage. Telecommunications carriers will be empowered to provide more efficient and reliable services at lower prices, thereby benefiting consumers. Moreover, the provision of a wider range of telecommunications service will bolster the State's economic health.

In support of its Application, Broadview respectfully submits as follows:

**1. The name and address of the Applicant are:**

Broadview Networks, Inc.  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573  
Telephone: (914) 922-7000  
Facsimile: (914) 922-7001  
E-mail: [www.broadviewnet.com](http://www.broadviewnet.com)

**2. All correspondence, notices, inquiries and other communications regarding this application should be addressed to:**

John J. Pringle, Jr.  
Ellis, Lawhorne & Sims, P.A.  
P. O. Box 2285  
Columbia, SC 29202  
Telephone: (803) 343-1270  
Fax: (803) 799-8479

With copies to:

Catherine M. Hannan  
Helein & Marashlian, LLC  
The *Comm*Law Group  
1483 Chain Bridge Road  
Suite 301  
McLean, VA 22101  
Telephone: (703) 714-1326  
Fax: (703) 714-1330

**3. Contact person regarding ongoing operations of the Company is:**

Charles C. Hunter  
Executive Vice President, Secretary and General Counsel  
Broadview Networks, Inc.  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573  
Telephone: (914) 922-7589  
Facsimile: (347) 287-0223

**4. Description of Applicant**

Broadview is a corporation formed under the laws of the State of New York. A copy of Broadview's Articles of Incorporation, as well as a copy of Broadview's Certificate of Authority to Transact Business in the State of South Carolina, is attached hereto as **Exhibit A**. Applicant is presently authorized to provide local exchange and interexchange long distance telecommunications services in the States of Connecticut, Massachusetts, New Hampshire, New York, New Jersey, Pennsylvania and Rhode Island. The Company is also certified, registered or otherwise authorized to provide interexchange, long distance services in the States of California, Delaware, Florida, Georgia, Maine, Maryland, North Carolina, Ohio, Texas, Vermont, Virginia and West Virginia and Wyoming.

Broadview presently has pending, or expects to file in the near future, applications for authority to provide long distance telecommunications services in the States of Alabama, Arizona, Arkansas, Colorado, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Mexico, North Dakota, Oklahoma, Oregon, Tennessee, Utah, Washington and Wisconsin. Applicant has not had an application denied or rejected in any jurisdiction.

Please see **Exhibit B** hereof for a discussion of Broadview's application to reactivate its telecommunications operating authority in the State of Illinois.

**5. Officers and Directors and Legal Counsel**

Applicant's officers, directors and legal counsel are identified at **Exhibit C** hereto.

**6. Customer Service**

Broadview understands the importance of effective customer service for local service customers. Broadview has made arrangements for its customers to call the company at its toll-free customer service number, (800) 276-2384. In addition, customers may contact the company in writing at the headquarters address, as well as via e-mail at [customercare@broadviewnet.com](mailto:customercare@broadviewnet.com). The toll free number will be printed on the customer's monthly billing statements. The South Carolina contact person knowledgeable about Broadview's operations, and who will also respond to ongoing Commission inquiries concerning tariffing, billing issues and customer complaints, is Steven J. Bogdan. Mr. Bogdan can be contacted electronically at [sbogdan@broadviewnet.com](mailto:sbogdan@broadviewnet.com) or telephonically at (215) 293-8773.

**7. Financial Ability**

The financial statements of Broadview demonstrate that Applicant's financial strength is sufficient to enable it to provide and maintain service in the State of South Carolina. Broadview does not intend to construct facilities, other than equipment to be installed in existing buildings or structures, or to purchase facilities. Applicant anticipates satisfying its cash flow obligations from revenues from its South Carolina operations and is well positioned ensure the continued provision of reliable

telecommunications service to South Carolina residents. Applicant's financial statements are attached hereto as **Exhibit D**.

**8. Managerial and Technical Ability**

Broadview has the managerial and technical capability to provide high quality local and interexchange telecommunications services within and throughout the State of South Carolina. Profiles of the experience of key members of Broadview's senior management team are attached as **Exhibit E**.

**9. Description of Services Offered and Proposed Service Territory**

Applicant seeks authority to provide long distance telecommunications services to commercial and residential subscribers throughout the State of South Carolina on both a facilities and resale basis. Broadview will initiate its service offering as a switchless reseller of telecommunications services. Applicant will not be installing any facilities other than equipment to be installed in existing buildings or structures for the purpose of providing local exchange service in South Carolina. This equipment may eventually include switches, however this decision has not yet been finalized. Broadview will utilize switchless resale as the manner of providing service to its customers in South Carolina until such time as it makes financial and operational sense to deploy equipment and facilities in South Carolina.

**10. Public Interest and Need**

Grant of Broadview's Application for a Certificate of Public Convenience and Necessity to provide the service described within this Application is in the public interest and will serve the public convenience and necessity. The public interest will be served by expanding the availability of competitive telecommunications services and enhanced

telecommunications infrastructure in the State of South Carolina, thereby facilitating economic development. Authorizing Broadview to enter the telecommunications service market will increase the competitive choices available, and in turn create incentives for all carriers to lower prices, provide new and better quality services, and be more responsive to customer issues and demands.

## **11. Waivers and Regulatory Compliance**

Broadview requests that, pursuant to Rule 103-601(3), the Commission grant it a waiver of those regulatory requirements that are inapplicable to Broadview's services because compliance with such rules would cause Broadview unusual hardship.<sup>1</sup> Specifically, Broadview requests a waiver of the following Commission Rules:

Rule 103-610: requiring a utility to maintain its records in the State of South Carolina. Broadview is headquartered in New York. As a result, it would be impractical for Broadview to maintain separate records in South Carolina. If the Commission determines it is necessary to review Broadview's books, Broadview will provide this information to the Commission upon request or will bear the cost of any out-of-state travel expenses incurred by Commission staff.

Rule 103-612-2.3: requiring utilities to file operating area maps with the Commission. Broadview proposes to provide telecommunications services statewide, and primarily in the service areas of incumbent local exchange carriers. Maps defining those areas are already on file with the Commission.

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<sup>1</sup> S.C. Code Regs. § 103-601(3). ("In any case where compliance with any of these rules and regulations introduces unusual difficulty such rule or regulation may be waived by the Commission upon a finding by the Commission that such a waiver is in the public interest.")



Such waivers have been granted under similar circumstances, and Broadview respectfully requests that the Commission similarly grant the aforementioned waivers in the context of this Application.

## CONCLUSION

This Application clearly demonstrates that Broadview possesses the requisite technical, financial and managerial qualifications to provide resold and/or facilities-based telecommunications services throughout the State of South Carolina. Furthermore, granting this Application for a Certificate of Public Convenience and Necessity will promote the public interest, comport with the public convenience and necessity, and meet pertinent legal and regulatory requirements for such applications.

WHEREFORE, Broadview respectfully requests that the Commission issue it a Certificate of Public Convenience and Necessity to provide resold and facilities-based telecommunications services throughout the State of South Carolina, as proposed herein and set forth in the attached tariff. Broadview also requests that the Commission grant alternative regulation and the waivers requested herein, and grant such other relief as is just and proper.

Respectfully submitted,

BROADVIEW NETWORKS, INC.

By: 

John J. Pringle, Jr.

Ellis, Lawhorne & Sims, P.A.

P. O. Box 2285

Columbia, SC 29202

Telephone: (803) 343-1270

Catherine M. Hannan

Helein & Marashlian, LLC

The CommLaw Group

1483 Chain Bridge Road, Suite 301

McLean, VA 22101

Telephone: (703) 714-1326

Dated: November 15, 2007  
Columbia, South Carolina

**BROADVIEW NETWORKS, INC.**

**SCHEDULE OF EXHIBITS**

Exhibit A	Articles of Incorporation/ Certificate of Authority to Transact Business
Exhibit B	Reactivation of Illinois Telecommunications Authority
Exhibit C	Broadview Officers, Directors and Legal Counsel
Exhibit D	Financial Information
Exhibit E	Biographies of Key Personnel
Exhibit F	Proposed Long Distance Tariff
Exhibit G	Proposed Notice of Filing

**Exhibit A**

**Articles of Incorporation/  
Certificate of Authority to Transact Business**

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

F910605000194

INFO

## CERTIFICATE OF INCORPORATION

OF

## BRIAR JOY DEVELOPMENT CORPORATION

Under Section 402 of the Business Corporation Law

## IT IS HEREBY CERTIFIED THAT:

- (1) The name of the Corporation is:

BRIAR JOY DEVELOPMENT CORPORATION

(2) The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized pursuant to the Business Corporation Law of the State of New York. The Corporation is not to engage in any act or activity requiring any consents or approvals by law without such consent or approval first being obtained.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the Corporation shall have, and may exercise, all of the powers conferred by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 3 of said law or in accordance with the provisions of any other statute of the State of New York.

- (3) The number of shares which the Corporation shall have the authority to issue is 200 at no par value.

- (4) The principal office of the corporation is to be located in the County of St. Lawrence, State of New York.

- (5) The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation served upon him is:

C/O Thomas J. Lynch, Esq.  
4514 Wilderness Way  
Syracuse, NY 13215

The undersigned incorporator is of the age of eighteen years or older.

IN WITNESS WHEREOF, this certificate has been subscribed this 4th day of June, 1991 by the undersigned who attests that the statements made herein are true under the penalties of perjury.

Joan Tarry  
Joan Tarry, Incorporator

509 Central Avenue, Albany, NY 12205  
Address

F 910605000

INFO

## CERTIFICATE OF INCORPORATION

OF

BRIAR JOY DEVELOPMENT CORPORATION

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED JUN 05 1991

TAX \$

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BY:

DRC

St. Lawrence

FILED:  
THOMAS J. LYNCH, Esq.  
4514 Wilderness Way  
Syracuse, NY 13215

REFERENCE # 13192-020066

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***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State



**CERTIFICATE OF AMENDMENT  
OF THE CERTIFICATE OF INCORPORATION  
OF BRIAR JOY DEVELOPMENT CORPORATION**  
Under Section 805 of the Business Corporation Law

695063000023

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do hereby certify and set forth:

**FIRST:** The name of the Corporation is Briar Joy Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation was filed with the Department of State on June 5, 1981.

**THIRD:** (a) Paragraph 3 of the Certificate of Incorporation relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at par value of \$.50 per share.

(b) There are presently 200 shares of no par value common stock authorized, of which 110 shares are issued and outstanding and 90 shares are unissued. The amendment to the Certificate of Incorporation is intended to: (1) change the 110 shares of authorized and issued stock at the rate of 1 to 1 to 110 shares of authorized and issued common stock at \$.50 par value, and to change the 90 shares of authorized and unissued stock at the rate of 1 to 1 to 90 shares of common stock at \$.50 par value; and (2) increase the authorized shares of common stock from 200 to 2,500,000 common stock. As a result of this change, there will be 110 shares of common stock issued and outstanding at \$.50 par value, and 2,499,890 shares authorized and unissued, at \$.50 par value per share.

**FOURTH:** Paragraph 5 of the Certificate of Incorporation relating to the service of process is hereby changed to read as follows:

The Secretary of State is designated as agent of the Corporation upon whom process against it may served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation served upon it is as follows:

Briar Joy Development Corporation  
108 East Washington Street  
Syracuse, New York 13202

**FIFTH:** The following paragraph shall be added to the Certificate of Incorporation as Paragraph 6, as follows:

The directors of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for any breach of duty in such capacity occurring after the adoption of the provisions authorized in this Certificate of Incorporation, provided, however, that the provisions contained herein shall not eliminate or limit such directors' liability if a judgment or other final adjudication adverse to the director establishes that the director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of the law, or that the director personally gained in fact a financial profit or other advantage to which the director was not legally entitled, or that the director's acts violated the provisions of Section 719 of the New York Business Corporation Law.

SIXTH: The following paragraph shall be added to the Certificate of Incorporation

as Paragraph 7, as follows:

The Corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, and the indemnification provided for herein shall not be deemed exclusive of any other rights to which any person may be entitled under any By-Law, resolution of shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article, as to action in any capacity in which he served at the request of the Corporation.

SEVENTH: The foregoing amendment was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a vote of the holders of a majority of all the outstanding shares entitled to vote at a meeting of the shareholders, which was held on May 3, 1995.

IN WITNESS WHEREOF, this Certificate of Amendment of the Certificate of Incorporation has been subscribed this 27th day of June, 1995, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

  
Frank S. Caruso, Jr., President

  
Frank S. Caruso, Sr., Secretary

**650630000263**

PLEASE NOTE THAT THE WITHIN IS A  
CERTIFIED TRUE COPY OF A  
FILED IN THE OFFICE OF THE  
COUNTY CLERK OF  
NEW YORK

I, THE UNDERSIGNED, AN ATTORNEY ADMITTED TO PRACTICE  
IN THE COURTS OF NEW YORK STATE, HEREBY CERTIFY THAT  
THE ANNEXED  
HAS BEEN COMPARED BY ME WITH THE ORIGINAL AND IS A  
TRUE AND COMPLETE COPY THEREOF.

ATTORNEY

ATTORNEY

Return Filing Receipt to:  
Ritten, Frankel, Greenman & Kline  
5789 Videotape Parkway  
Post Office Box 450  
Dewitt, New York 13214-0450

CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION OF  
BRIAR JOY DEVELOPMENT CORPORATION

JUN 28 10 45 AM '95

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED JUN 28 1995  
FAX 615-800-6150  
BY JAT  
*[Signature]*

VANGUARD-52

**BILLED**

*6/15/00*  
*JAT*

**650630000263**

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

F970820000296

**CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION OF  
BRIAR JOY DEVELOPMENT CORPORATION**

Under Section 805 of the Business Corporation Law

VANGUARD-52

Pursuant to the provisions of Section 805 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do hereby certify and set forth:

**FIRST:** The name of the Corporation is Briar Joy Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation was filed with the Department of State on June 5, 1991

**THIRD:** Paragraph 3 of the Certificate of Incorporation, relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at \$0.10 par value per share.

**FOURTH:** There are presently 2,500,000 shares of stock at \$0.50 par value common stock authorized, of which 1,429,856 shares have been issued and outstanding and 1,070,144 shares remain unissued. The Amendment to the Certificate of Incorporation is intended to provide 1,429,856 shares issued and outstanding at \$0.50 par value per share to be changed into 1,429,856 shares issued and outstanding at \$0.10 par value per share at the rate of 1:1; and there will be 1,070,144 shares unissued at \$0.50 par value per share that will be changed into 1,070,144 shares unissued at \$0.10 par value per share at the rate of 1:1.

**FIFTH:** The above and foregoing amendment to the Certificate of Incorporation was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a majority vote of the holders of a majority of all the outstanding shares entitled to vote therein at a meeting of the shareholders held on the 13<sup>th</sup> day of August, 1997

IN WITNESS WHEREOF, this Certificate of Change of the Certificate of Incorporation has been subscribed this 19 day of August, 1997, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

Frank S. Caruso, Jr.  
Frank S. Caruso, Jr., President

Andrea Osborne  
Andrea Osborne, Secretary

F970820000296

CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION OF  
BRIAR JOY DEVELOPMENT CORPORATION

RECEIVED  
AUG 20 10 07 AM

STATE OF NEW YORK  
DEPARTMENT OF STATE

VANGUARD-52

FILED AUG 20 1997

TAXES

BY: JAH

St. Lawrence

BILLED

Filer.

Rifken, Frankel & Greenman, P.C.  
5789 Widewaters Parkway  
DeWitt, New York 13214-2811  
Telephone: (315) 449-0737

3

970820000302

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State



F 971002000358  
CERTIFICATE OF MERGER

OF

SCC TELECOMMUNICATIONS, INC.

INTO

BRIAR JOY DEVELOPMENT CORPORATION

VANGUARD-52

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

The undersigned, being the President and the Secretary, respectively, of SCC Telecommunications, Inc., and being the President and the Secretary of Briar Joy Development Corporation, both corporations being domestic corporations organized and existing under and by virtue of the laws of the State of New York, and a plan of merger having been adopted by the Board of Directors of each constituent corporation, do hereby certify:

- (1) The name of each constituent corporation is as follows:

SCC Telecommunications, Inc.  
Briar Joy Development Corporation

- (2) The surviving corporation is Briar Joy Development Corporation, which shall as of the effective date of the merger change its corporate name to "SCC Telecommunications, Inc."

- (3) The designation, number, and voting rights of the outstanding shares of each constituent corporation are as follows:

- a) SCC Telecommunications, Inc. has 1,000 shares of capital stock outstanding all of which is common stock and fully entitled to vote.
- b) Briar Joy Development Corporation has 1,839,856 shares of capital stock outstanding all of which is common stock and fully entitled to vote.

- (4) The date when the Certificate of Incorporation of SCC Telecommunications, Inc. was filed by the Department of State is the 26<sup>th</sup> day of August, 1997.

The date when the Certificate of Incorporation of Briar Joy Development Corporation was filed by the Department of State is the 5<sup>th</sup> day of June, 1991.

- (5) The merger of SCC Telecommunications, Inc. and Briar Joy Development Corporation was authorized in respect to SCC Telecommunications, Inc., a constituent corporation, by the vote of the sole holder of its capital stock on September 18, 1997.

The merger of SCC Telecommunications, Inc. and Briar Joy Development Corporation was authorized in respect to Briar Joy Development Corporation, a constituent corporation, by resolution of the Board of Directors of Briar Joy Development Corporation on September 18, 1997 and by a vote of holders of at least two-thirds of the outstanding shares of capital stock of Briar Joy Development Corporation present and voting at a special meeting of shareholders duly called, noticed, and held in accordance with §603 of the Business Corporation Law, on September 29, 1997, where the affirmative votes were cast with respect to shares which constituted not less than a quorum.

IN WITNESS WHEREOF, the undersigned have executed and signed this Certificate on this 30th day of September, 1997 and affirm that the statements made herein are true under the penalties of perjury.

**BRIAR JOY DEVELOPMENT CORPORATION**

By:   
Frank S. Caruso, Jr., President

By:   
Andrea Osborne, Secretary

**SCC TELECOMMUNICATIONS, INC.**

By:   
Varn M. Kennedy, President

By:   
Terrence J. Anderson, Secretary

f 971002000358

CERTIFICATE OF MERGER OF  
SCC TELECOMMUNICATIONS, INC.

INTO

BRIAR JOY DEVELOPMENT CORPORATION

UNDER SECTION 904 OF THE BUSINESS CORPORATION LAW

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED OCT 02 1997

TAX \$

BY:

ST LAWRENCE

Filer:

Birken, Frankel & Greenman, P.C.  
5789 Widewaters Parkway  
DeWitt, New York 13214-2811  
Telephone: (315) 449-0737

VANGUARD-52

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***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

Duquette &amp; Tipton LLP

212 687 2835

04/20 '98 10:35 NO.032 03/03

IN WITNESS WHEREOF, the undersigned have hereunto signed their names  
and do verify and affirm, under penalty of perjury, that the statements contained herein are  
true and correct and that this Certificate of Amendment is the act and deed of the Corporation  
as of this 16<sup>th</sup> day of April, 1998.

By: 

Vern Kennedy, President

By: 

Terrence J. Anderson, Secretary

2

CSC 45

CSC 45

1080421000

CERTIFICATE OF AMENDMENT OF THE CERTIFICATE OF INCORPORATION

OF

SCC TELECOMMUNICATIONS, INC.

Under Section 805 of the Business Corporation Law

APR 21 3 14 PM '98

FILED

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED APR 21 1998

TAXS  
BY:

DUQUETTE & TIPTON LLP  
405 Lexington Avenue  
New York, NY 10174

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***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

CT-07

C.T. CORP. SYSTEM

212 315 2789 P. 82-83

F991006000688

**CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
COMMUNITY NETWORKS, INC.**

**Under Section 803 of the New York Business Corporation Law**

The undersigned, Vern M. Kennedy, President, and Terrence J. Anderson, Secretary, of COMMUNITY NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

1. The name of the Corporation is Community Networks, Inc. The name under which the Corporation was formed is Briar Joy Development Corporation.
2. The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.
3. The Certificate of Incorporation is hereby amended to change the name of the Corporation to Broadview Networks, Inc. by deleting Article FIRST in its entirety and replacing it with the following:  

**FIRST:** The name of the Corporation is Broadview Networks, Inc.
4. The foregoing amendment was duly authorized pursuant to Sections 615, 708 and 803(a) of the New York Business Corporation Law, to wit, by a unanimous written consent of the directors of the corporation, followed by the written consent of the sole shareholder of the Corporation.



CORP. SYSTEM

212 315 2789 P. 02/04

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of this 5th day of October, 1999.

By: /s/ Vern M. Kennedy

Name: Vern M. Kennedy

Title: President

By: /s/ Terrence J. Anderson

Name: Terrence J. Anderson

Title: Secretary

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C.T. CORP. SYSTEM

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CT-07

CERTIFICATE OF AMENDMENT  
OF  
CERTIFICATE OF INCORPORATION  
OF  
COMMUNITY NETWORKS, INC.  
UNDER SECTION 803 OF THE BUSINESS CORPORATION LAW

MAYER BROWN & PLATT  
1675 BROADWAY  
NEW YORK, NY 10019

STATE OF NEW YORK  
DEPARTMENT OF STATE

FILED OCT 6 1999

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BY: *mb*

*St Lawrence*

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TOTAL F/04

***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

Paul LaPointe  
Special Deputy Secretary of State

CT-07

F 00050300024  
246

CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
BROADVIEW NETWORKS, INC.

Under Section 805 of the Business Corporation Law

The undersigned, Vein M. Kennedy, President and Terrence J. Anderson, Secretary of BROADVIEW NETWORKS, INC., a New York corporation (the "Corporation"), hereby certifies as follows:

**FIRST:** The name of the corporation (the "Corporation") is BROADVIEW NETWORKS, INC. The name under which the Corporation was formed is Briar Jay Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.

**THIRD:** Paragraph 2 of the Certificate of Incorporation relating to purpose for which the Corporation is organized is changed to read as follows:

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the business corporation law of the State of New York. The Corporation is not formed to engage in any act or activity requiring the consent or approval of any state official, department, board, agency, or other body without such consent or approval first being obtained.

**FOURTH:** Paragraph 3 of the Certificate of Incorporation is hereby amended to decrease the current 2,500,000 shares of common stock at par value of \$0.10 of which 1,839,856 shares are presently issued and outstanding and 660,144 shares are unissued to 1,000 shares of common stock at a par value of \$0.01 of which 1,000 are issued. There will be no unissued shares of common stock.

The rate of change of the issued is 1,839,856

**FIFTH:** Paragraph 4 of the Certificate of Incorporation relating to the principal office of the corporation is hereby changed to read as follows:

The office of the Corporation is to be located in New York County, State of New York.

**SIXTH:** Paragraph 5 of the Certificate of Incorporation relating to designation of an agent for the service of process is hereby changed to read as follows:

The Secretary of State is designated as the agent of the Corporation upon whom process against it may be served. The post office address to which the secretary of state shall mail a copy of any process against it served upon him is Broadview Networks Holdings, Inc., 45-48 Court Square, Ste 502, Long Island City, New York 11101, Attn: President.

MAY 02 2000 15:01 FAXER: BROWN, J. PLATT 212 262 1910 TO 91512454533 P. 03

SEVENTH: Paragraph 6 of the Certificate of Incorporation relating to director liability is hereby changed to read as follows:

No director shall be personally liable to the Corporation or its shareholders in his capacity as a director, to any person or entity (including the Corporation) for damages for any breach of any duty, except that this provision shall not eliminate or limit the liability of any director if a judgment or other final adjudication adverse to such director establishes that (i) such director's acts or omissions were in bad faith or involved intentional misconduct or a knowing violation of law, (ii) such director personally gained in fact a financial profit or other advantage to which such director was not legally entitled, or (iii) that such director's act violated Section 7.19 of the BCL, or (iv) the acts or omissions complained of occurred prior to the date of filing of this Certificate of Incorporation. If the BCL is amended, changed or modified to authorize corporate action further eliminating or limiting the personal liability of directors to the Corporation, its shareholders or third parties, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the BCL, as so amended, changed or modified. Any repeal, amendment or modification of the provisions of this paragraph by the shareholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation relating to claims arising in connection with events which took place prior to the date of such repeal, amendment or modification.

EIGHTH: Paragraph 7 relating to indemnification permitted by Article 7 of the BCL is hereby deleted and replaced with:

The Corporation is to have perpetual existence

NINTH: The following amendments were authorized by a unanimous vote of the Board of Directors of the Corporation, followed by the vote of the sole holder of its capital stock.

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of the 3rd day of May, 2000.

By: Vern M. Kennedy  
Name: Vern M. Kennedy  
Title: President

By: Tertence J. Anderson  
Name: Tertence J. Anderson  
Title: Secretary

000503000 246

CT-07

CERTIFICATE OF AMENDMENT AND RESTATEMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
BROADVIEW NETWORKS, INC.  
UNDER SECTION 805 OF THE BUSINESS CORPORATION LAW

MAY 3 11 02 AM '08

Mayer Brown & Platt  
1675 Broadway  
New York, NY 10019

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STATE OF NEW YORK  
DEPARTMENT OF STATE

MAY 01 2008

FILED  
TAXES NOT TAX  
BY: WHLR

St Lawrence

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Key

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INFO

## CERTIFICATE OF INCORPORATION

HELIAR JOY DEVELOPMENT CORPORATION

Under Section 402 of the Business Corporation Law

IT IS HEREBY CERTIFIED THAT:

(1) The name of the Corporation is:

HELIAR JOY DEVELOPMENT CORPORATION

(2) The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized pursuant to the Business Corporation Law of the State of New York. The Corporation is not to engage in any act or activity requiring any consents or approvals by law without such consent or approval first being obtained.

For the accomplishment of the aforesaid purposes, and in furtherance thereof, the Corporation shall have, and may exercise, all the powers and authority by the Business Corporation Law upon corporations formed thereunder, subject to any limitations contained in Article 2 of said law or in accordance with the provisions of any other statute of the State of New York.

(3) The number of shares which the Corporation shall have the authority to issue is 200 at no par value.

(4) The principal office of the corporation is to be located in the County of St. Lawrence, State of New York.

(5) The Secretary of State is designated as agent of the Corporation upon whom process against it may be served. The post office address to which the Secretary of State shall mail a copy of any process against the Corporation shall upon him be:

c/o Thomas J. Kunkle, Esq.  
4514 Wilderness Way  
Syracuse, NY 13218

The undersigned incorporator is of the age of eighteen years or older.

IN WITNESS WHEREOF, this certificate was signed and attested this 6th day of June, 1991 by the undersigned and attested that the statements made herein are true under the penalties of perjury.

JOHN TERRY, Incorporator

JOHN TERRY, Secretary

**F 910605000 INFO**

**CERTIFICATE OF INCORPORATION**

**ARIMA JOY DEVELOPMENT CORPORATION**

**STATE OF NEW YORK**  
**DEPARTMENT OF STATE**

**FILED** JUN 05 1991

**TAX** 10

**BY** *[Signature]*

**1/4 St. Lawrence**

**SECRET**  
Thomas J. Ippolito, Esq.  
4514 Washington Way  
Syracuse, NY 13215  
REVENUE - 2-15192-21000

**SC 310**

**INFO. BILL**



**CERTIFICATE OF AMENDMENT  
OF THE CERTIFICATE OF INCORPORATION  
OF BRIAR JOY DEVELOPMENT CORPORATION**  
Under Section 805 of the Business Corporation Law

**PURSUANT** to the provisions of Section 805 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation, the "Corporation", do hereby certify and set forth:

**FIRST:** The name of the Corporation is Briar Joy Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation was filed with the Department of State on June 8, 1991.

**THIRD:** (a) Paragraph 3 of the Certificate of Incorporation relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at par value of \$1.50 per share.

(b) There are presently 200 shares of no par value common stock authorized, of which 110 shares are issued and outstanding and 90 shares are unissued. The amendment to the Certificate of Incorporation shall change the number of authorized and issued stock at the rate of 1 to 1 to 110 shares of authorized and issued common stock at \$1.50 per value, and to change the 90 shares of authorized and issued stock at the rate of 1 to 1 to 90 shares of common stock at \$1.50 per value, and (2) that the authorized shares of common stock from 200 to 2,500,000 common shares. As a result of this change, there will be 110 shares of common stock issued and outstanding at \$1.50 value, and 2,499,890 shares authorized, and unissued, at \$1.50 per value per share.

**FOURTH:** Paragraph 6 of the Certificate of Incorporation relating to the service of process is hereby changed to read as follows:

The Secretary of State is designated as agent of the Corporation upon whom process against it may served. The post office address to which the Secretary of State shall mail a copy of any process against the corporation hereby upon it is as follows:

Briar Joy Development Corporation  
100 East Washington Street  
Syracuse, New York 13202

**FIFTH:** The following paragraph shall be added to the Certificate of Incorporation in Paragraph 6, as follows:

The directors of the Corporation shall not be personally liable to the Corporation or its shareholders for damages for any breach of duty in such capacity occurring after the adoption of the provisions authorized in this Certificate of Incorporation, provided, however, that the provisions contained herein shall not eliminate or limit such director's liability if a judgment or other final adjudication adverse to the director establishes that the director's action taken in such capacity had faith or involved intentional misconduct or a knowing violation of the law, or that the director personally gained in fact a financial profit or other advantage to which the director was not legally entitled, or that the director's acts violated the provisions of Section 719 of the New York Business Corporation Law.

SIXTH: The following paragraph shall be added to the Certificate of Incorporation

as Paragraph 7, as follows:

The Corporation shall, to the fullest extent permitted by Article 7 of the Business Corporation Law of the State of New York, as the same may be amended and supplemented, indemnify and all persons whom it shall have power to indemnify under said Article from and against any and all of the expenses, liabilities, or other matters referred to in or covered by said Article, and this indemnification provided for herein shall not be deemed exclusive of any other rights to which any person may be entitled under any By-Law, resolution of shareholders, resolution of directors, agreement, or otherwise, as permitted by said Article, as to action in any capacity in which he served at the request of the Corporation.

SEVENTH: The foregoing amendment was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a vote of the holders of a majority of all the outstanding shares entitled to vote at a meeting of the shareholders, which was held on May 3, 1995.

IN WITNESS WHEREOF, this Certificate of Amendment of the Certificate of Incorporation has been subscribed this 27th day of June, 1995, by the undersigned who affirm that the statements made herein are true under the penalties of perjury.

Is/ Frank S. Caruso, Jr.

Frank S. Caruso, Jr., President

Is/ Frank S. Caruso, Sr.

Frank S. Caruso, Sr., Secretary

# WANGLIANG

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Return this package to:

Rifkin, Frankel, Greenman & Klein  
5149 Wisconsin Parkway  
Post Office Box 450  
Dewitt, New York 13214-0450

1. The first step is to identify the problem or question that needs to be answered. This involves understanding the context and the specific information required.

6070320000006  
CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION OF  
BRIAR JOY DEVELOPMENT CORPORATION

Under Section 905 of the Business Corporation Law

Pursuant to the provisions of Section 905 of the Business Corporation Law, the undersigned, being the President and Secretary of Briar Joy Development Corporation (the "Corporation"), do hereby certify and set forth:

FIRST: The name of the Corporation is Briar Joy Development Corporation.

SECOND: The Certificate of Incorporation of the Corporation was filed with the Department of State on June 3, 1997.

THIRD: Paragraph 3 of the Certificate of Incorporation, relating to the authorization of shares is hereby changed to read as follows:

The number of common shares which the Corporation shall have the authority to issue is 2,500,000 at \$0.10 par value per share.

FOURTH: There are presently 2,500,000 shares of stock at \$0.50 per value common stock authorized, of which 1,429,858 shares have been issued and outstanding and 1,070,144 shares remain unissued. The Amendment to the Certificate of Incorporation is intended to provide 1,429,858 shares issued and outstanding at \$0.50 par value per share to be changed into 1,429,858 shares issued and outstanding at \$0.10 par value per share at the rate of 1:1; and there will be 1,070,144 shares unissued at \$0.50 par value per share that will be changed into 1,070,144 shares unissued at \$0.10 par value per share at the rate of 1:1.

FIFTH: The above and foregoing amendment to the Certificate of Incorporation was authorized by unanimous vote of the Board of Directors of the Corporation, followed by a majority vote of the holders of a majority of all the outstanding shares entitled to vote therein at a meeting of the shareholders held on the 15<sup>th</sup> day of August, 1997.

IN WITNESS WHEREOF, this Certificate of Change of the Certificate of Incorporation has  
been subscribed and attested this 14th day of August, 1987, by the undersigned who state that the  
statements made herein are true under the penalties of perjury.

/s/ Frank S. Carlson, Jr.

Frank S. Carlson, Jr., President

/s/ Andrew V. Osborne

Andrew Osborne, Secretary

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CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION OF  
BNAK JOY DEVELOPMENT CORPORATION

STATE OF NEW YORK  
DEPARTMENT OF STATE  
FILED AUG 20 1997  
TAX \$  
BY: *[Signature]*

VANGUARD-52

18/ St. Lawrence

BILLED

Filed: Rifkin, Frankel & Greenman, P.C.  
6788 Whitewaters Parkway  
DeWitt, New York 13214-2011  
Telephone: (315) 448-0797

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Duquette &amp; Tipton LLP 212 687 2835

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CSC 45

**CERTIFICATE OF AMENDMENT OF THE  
CERTIFICATE OF INCORPORATION  
OF  
SCC TELECOMMUNICATIONS, INC.**

Under Section 905 of the Business Corporation Law

The undersigned, Vern M. Kennedy, President, and Terence J. Anderson, Secretary, of SCC Telecommunications, Inc., a corporation organized and existing under the laws of the State of New York (the "Corporation"), do hereby certify as follows:

**FIRST:** The name of the Corporation is SCC Telecommunications, Inc. The name under which the Corporation was formed is Briar Joy Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation (the "Certificate") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.

**THIRD:** The amendments of the Certificate effected by this certificate is as follows: to change the name of the Corporation.

**FOURTH:** To accomplish the foregoing amendment, Article FIRST of the Certificate relating to the name of the Corporation is hereby amended to read as follows:

*"The name of the Corporation is Community Networks, Inc."*

**FIFTH:** This Certificate of Amendment was duly adopted in accordance with the provisions of Sections 615, 708 and 905 of the Business Corporation Law of the State of New York, to wit, by a unanimous written consent of the directors of the Corporation, followed by the written consent of the sole shareholder of the Corporation.

Duquette &amp; Tipton LLP

212 687 2835

04/20/98 10:35 NO. 032 03/03

IN WITNESS WHEREOF, the undersigned have hereunto signed their names  
and do hereby affirm, under penalty of perjury, that the statements contained herein are  
true and correct and that this Certificate of Amendment is the act and deed of the Corporation  
as of this 16<sup>th</sup> day of April, 1998.

By:

Vern M. Kennedy, President

By:

Terrence J. Anderson, Secretary

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CT-07

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CERTIFICATE OF AMENDMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
COMMUNITY NETWORKS, INC.

Under Section 905 of the New York Business Corporation Law

The undersigned, Vern M. Kennedy, President, and Terrance J. Anderson, Secretary, of COMMUNITY NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

1. The name of the Corporation is Community Networks, Inc. The name under which the Corporation was formed is Briar Joy Development Corporation.
2. The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on June 5, 1991.
3. The Certificate of Incorporation is hereby amended to change the name of the Corporation to Broadview Networks, Inc. by deleting Article FIRST in its entirety and replacing it with the following:  

FIRST: The name of the Corporation is Broadview Networks, Inc.
4. The foregoing amendment was duly authorized pursuant to Sections 615, 708 and 803(a) of the New York Business Corporation Law, to wit, by a unanimous written consent of the directors of the corporation, followed by the written consent of the sole shareholder of the Corporation.

IN WITNESS WHEREOF, the undersigned have hereunto signed their names and do verify and affirm, under penalty of perjury, that the statements contained herein are true and correct and that this Certificate of Amendment is the act and deed of the Corporation as of this 5th day of October, 1999.

By: /s/ Vern M. Kennedy  
Name: Vern M. Kennedy  
Title: President

By: /s/ Terrence J. Anderson  
Name: Terrence J. Anderson  
Title: Secretary

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**CERTIFICATE OF AMENDMENT**  
**CERTIFICATE OF INCORPORATION**  
**OF**  
**BROADVIEW NETWORKS, INC.**

Under Section 903 of the Business Corporation Law:

The undersigned, JOHN M. KENNEDY, President and Laurence J. Kurland, Secretary of BROADVIEW NETWORKS, INC., a New York corporation (the "Corporation"), hereby certify as follows:

**FIRST:** The name of the corporation (the "Corporation") is BROADVIEW NETWORKS, INC. The name under which the Corporation was formed is BBN Development Corporation.

**SECOND:** The Certificate of Incorporation of the Corporation (the "Certificate of Incorporation") was originally filed in the Office of the Secretary of State of the State of New York on Jan 5, 1991.

**THIRD:** Paragraph 4 of the Certificate of Incorporation relating to purpose for which the Corporation is organized is changed to read as follows:

The purpose of the Corporation is to engage in any lawful activity for which corporations may be organized under the Business Corporation Law of the State of New York. The Corporation is not limited to the use in any way or activity requiring the consent or approval of any state official, department, board, agency, or other body without such consent or approval first being obtained.

**FOURTH:** Paragraph 1 of the Certificate of Incorporation is hereby amended to decrease the current 2,500,000 shares of common stock at par value of \$0.01, of which 1,839,856 shares are presently issued and outstanding and 660,144 shares are reserved to 1,000 shares of common stock at a par value of \$0.01 of which 1,000 are issued. There will be no unissued shares of common stock.

The rate of change of the issued is 1:1,839,856.

**FIFTH:** Paragraph 4 of the Certificate of Incorporation relating to the principal office of the corporation is hereby changed to read as follows:

The office of the Corporation is to be located in New York County, State of New York.

**SIXTH:** Paragraph 5 of the Certificate of Incorporation relating to designation of an agent for the service of process is hereby changed to read as follows:

The Secretary of State is designated as the agent of the Corporation upon whom process against it may be served. The post office address to which the secretary of state shall send a copy of any process against it served upon him is Broadview Networks Holdings, Inc. 45-13 Court Square, Ste 302, Long Island City, New York, 11101, Attn: President



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01-01

CERTIFICATE OF AMENDMENT AND RESTATEMENT  
OF THE  
CERTIFICATE OF INCORPORATION  
OF  
BROADVIEW NETWORKS, INC.  
UNDER SECTION 905  
OF THE BUSINESS CORPORATION LAW

Mayer Brown & Pines  
1675 Broadway  
New York, NY 10019

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STATE OF NEW YORK  
DEPARTMENT OF STATE  
MAY 11 2007

FILED  
TAXES: NOT BY  
BY: WILL R

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St. Lawrence  
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***STATE OF NEW YORK***  
***DEPARTMENT OF STATE***

I hereby certify that the annexed copy has been compared with the original document in the custody of the Secretary of State and that the same is a true copy of said original.



WITNESS my hand and official seal of the  
Department of State, at the City of Albany, on  
August 24, 2007.

*Paul LaPointe*

Paul LaPointe  
Special Deputy Secretary of State

**State of New York**  
**Department of State** } ss:

I hereby certify, that the Certificate of Incorporation of BROADVIEW NETWORKS, INC. was filed on 06/05/1991, under the name of BRIAR JOY DEVELOPMENT CORPORATION, with perpetual duration, and that a diligent examination has been made of the Corporate index for documents filed with this Department for a certificate, order, or record of a dissolution, and upon such examination, no such certificate, order or record has been found, and that so far as indicated by the records of this Department, such corporation is an existing corporation.

A Certificate of Amendment BRIAR JOY DEVELOPMENT CORPORATION, changing its name to SCC TELECOMMUNICATIONS, INC., was filed 10/02/1997.

A Certificate of Amendment SCC TELECOMMUNICATIONS, INC., changing its name to COMMUNITY NETWORKS, INC. , was filed 04/21/1998.

A Certificate of Amendment COMMUNITY NETWORKS, INC. , changing its name to BROADVIEW NETWORKS, INC., was filed 10/06/1999.

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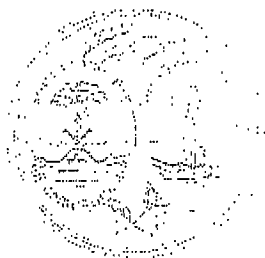
*WITNESS my hand and the official seal  
of the Department of State at the City of  
Albany, this 23rd day of August two  
thousand and seven.*



*Special Deputy Secretary of State*

200708240310 72

# *The State of South Carolina*



*Office of Secretary of State Mark Hammond*

## **Certificate of Existence**

I, Mark Hammond, Secretary of State of South Carolina Hereby certify that:

BROADVIEW NETWORKS, INC.,  
a corporation duly organized under the laws of the State of South Carolina on September 6th, 2007, and having a perpetual duration unless otherwise indicated below, has as of the date hereof filed all reports due this office, paid all fees, taxes and penalties owed to the Secretary of State, that the Secretary of State has not mailed notice to the Corporation that it is subject to being dissolved by administrative action pursuant to section 33-14-210 of the South Carolina Code, and that the corporation has not filed articles of dissolution as of the date hereof.

Given under my Hand and the Great  
Seal of the State of South Carolina this  
12th day of September, 2007.

A handwritten signature in cursive script that reads "Mark Hammond".  
Mark Hammond, Secretary of State



**Exhibit B**

**Reactivation of Illinois  
Telecommunications Authority**

Applicant has never had any application for authority to provide telecommunications services denied by any jurisdiction. However, as a result of the inadvertent failure to remain timely with respect to all filing obligations under the Illinois Business Corporation Act of 1983, Broadview's foreign corporation authority in Illinois was revoked, leading to the cancellation of its authority to provide telecommunications services in the State of Illinois. Because of an internal restructuring of a number of Applicant's office locations in New York, New Jersey and Pennsylvania during the Spring of 2002, Applicant unfortunately did not become aware of this circumstance until after the revocation of its grant of authority. Applicant is now current in the filing of annual and other reports in Illinois, has regained its authority to conduct business as a foreign corporation in that state and is in the process of seeking the reinstatement of its authority to provide Illinois intrastate long distance telecommunications services.

Applicant has instituted safeguards in order to ensure its future compliance with all Secretary of State and public utility commission reporting obligations. Specifically, Applicant has established internal procedures, including the hiring and training of individuals whose primary job responsibility relates specifically to monitoring the status of Applicant's operating authority, responding promptly to any and all state Commission inquiries and/or data requests, and timely submitting all reports and information as required to maintain Applicant's operating authority in all jurisdiction on a going-forward basis.

## **Exhibit C**

### **Officers, Directors and Legal Counsel**

**Officers of Broadview Networks, Inc.**

Michael K. Robinson  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

Chief Executive Officer and President

Brian Crotty  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

Chief Operating Officer

Corey Rinker  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

Chief Financial Officer, Treasurer and  
Assistant Secretary

Charles C. Hunter  
800 Westchester Avenue, Suite N-5-1  
Rye Brook, NY 10573

Executive Vice President, General Counsel  
and Secretary

**Directors of Broadview Networks, Inc.**

Brian J. Mitchell  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

Steven F. Tunney, Sr.  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

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## **Beneficial Ownership Interests**

### **Ownership Percentages of Officers and Directors**

Applicant is a wholly-owned subsidiary of Broadview Networks Holdings, Inc. The beneficial ownership interests of the officers and directors in Applicant, as a result of this parent relationship, are set forth on the following pages.

## Beneficial Ownership Interest

<b><u>Individual</u></b>	<b><u>Broadview Networks Holdings, Inc.</u></b>	<b><u>Ownership Percentage</u></b>
Michael K. Robinson	Series A Preferred: 368 shares Series B-1 Preferred: 383 shares Class A Common: 18,750 shares	less than 1% less than 1% less than 1%
Brian Crotty	Series A Preferred: 750 shares Class A Common: 18,750 shares	less than 1% less than 1%
Corey Rinker	Series A Preferred: 450 shares Class A Common: 11,250 shares	less than 1% less than 1%
Charles C. Hunter	Series A Preferred: 350 shares Class A Common: 8,750 shares	less than 1% less than 1%
Brian J. Mitchell*	Series A Preferred: 87,254 shares Series A-1 Preferred: 101,746 shares Class A Common: 4,725,000 shares	97.5% 100% 53.2%
Steven F. Tunney, Sr.*	Series A Preferred: 87,254 shares Series A-1 Preferred: 101,746 shares Class A Common: 4,725,000 shares	97.5% 100% 53.2%
Samuel G. Rubenstein*	Series A Preferred: 87,254 shares Series A-1 Preferred: 101,746 shares Class A Common: 4,725,000 shares	97.5% 100% 53.2%
John S. Patton, Jr.*	Series A Preferred: 87,254 shares Series A-1 Preferred: 101,746 shares Class A Common: 4,725,000 shares	97.5% 100% 53.2%

\* Each of Mr. Mitchell, Mr. Tunney, Mr. Rubenstein and Mr. Patton are officers of MCG Capital Corporation. By virtue of such relationship, each of Mr. Mitchell, Mr. Tunney, Mr. Rubenstein and Mr. Patton may be deemed to beneficially own the shares listed as beneficially owned by MCG. Each of Mr. Mitchell, Mr. Tunney, Mr. Rubenstein and Mr. Patton disclaims beneficial ownership of such shares.



<b><u>Individual</u></b>	<b><u>Broadview Networks Holdings, Inc.</u></b>	<b><u>Ownership Percentage</u></b>
David C. Ruberg**	Series B Preferred: 38,118 shares	41.1%
	Series B-1 Preferred: 22,459 shares	54.2%
	Class A Common: 1,514,467 shares	17.1%
Robert Manning**	Series B Preferred: 38,118 shares	41.1%
	Series B-1 Preferred: 22,459 shares	54.2%
	Class A Common: 1,514,467 shares	17.1%
Peter J. Barris***	Series B Preferred: 20,838 shares	22.5%
	Series B-1 Preferred: 12,146 shares	29.3%
	Class A Common: 824,585 shares	9.3%

\*\* Each of Mr. Ruberg and Mr. Manning are managers of the general partners of Baker Communications Fund, L.P. and Baker Communications Fund II (QP) L.P. By virtue of such relationship, each of Mr. Ruberg and Mr. Manning may be deemed to beneficially own the shares listed as beneficially owned by Baker. Each of Mr. Ruberg and Mr. Manning disclaims beneficial ownership of such shares.

\*\*\* Mr. Barris is the managing general partner of New Enterprise Associates VII, L.P., New Enterprise Associates 9, L.P., New Enterprise Associates 10, L.P. and NEA Presidents Fund. By virtue of such relationship, Mr. Barris may be deemed to beneficially own the shares listed as beneficially owned by NEA. Mr. Barris disclaims beneficial ownership of such shares.

## **Exhibit D**

### **Financial Information**

## CONSOLIDATED FINANCIAL STATEMENTS

Broadview Networks Holdings, Inc. and Subsidiaries

Years ended December 31, 2006 and 2005, ten months ended December 31, 2004  
and two months ended February 29, 2004

with Report of Independent Registered Public Accounting Firm

# Broadview Networks Holdings, Inc. and Subsidiaries

## Consolidated Financial Statements

Years ended December 31, 2006 and 2005, ten months ended December 31, 2004  
and two months ended February 29, 2004

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## Report of Independent Registered Public Accounting Firm

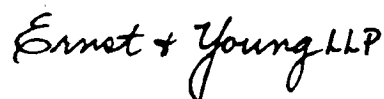
To the Board of Directors and Stockholders of  
Broadview Networks Holdings, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Broadview Networks Holdings, Inc. and Subsidiaries (the "Company") as of December 31, 2006 and 2005 (Successor Company) and the related consolidated statements of operations, stockholders' equity (deficiency) and cash flows for the years ended December 31, 2006 and 2005, for the period from March 1, 2004 to December 31, 2004 (Successor Company) and for the period from January 1, 2004 to February 29, 2004 (Predecessor Company). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Broadview Networks Holdings, Inc. and Subsidiaries at December 31, 2006 and 2005 (Successor Company) and the consolidated results of its operations and its cash flows for the years ended December 31, 2006 and 2005, for the period from March 1, 2004 to December 31, 2004 (Successor Company) and for the period from January 1, 2004 to February 29, 2004 (Predecessor Company), in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method of accounting for stock-based compensation effective January 1, 2006.



March 29, 2007

# Broadview Networks Holdings, Inc. and Subsidiaries

## Consolidated Balance Sheets

	<b>Successor</b>	
	<b>December 31</b>	
	<b>2006</b>	<b>2005</b>
	<i>(In thousands, except share amounts)</i>	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 43,952	\$ 16,753
Restricted cash	460	—
Accounts receivable, less allowance for doubtful accounts of \$7,971 in 2006 and \$6,695 in 2005	41,313	24,495
Other current assets	8,308	3,162
Total current assets	94,033	44,410
Property and equipment, net	61,395	39,547
Goodwill	69,632	27,964
Intangible assets, net of accumulated amortization of \$65,128 in 2006 and \$34,672 in 2005	79,848	80,986
Other assets	13,417	4,206
Total assets	<b>\$ 318,325</b>	<b>\$ 197,113</b>
<b>Liabilities and stockholders' equity (deficiency)</b>		
Current liabilities:		
Accounts payable	\$ 12,684	\$ 26,069
Accrued expenses and other current liabilities	47,506	20,015
Taxes payable	8,604	8,238
Deferred revenues	8,019	5,748
Current portion of capital lease obligations	3,084	2,095
Current portion of long-term debt	—	10,000
Total current liabilities	79,897	72,165
Long-term debt	210,000	74,000
Senior unsecured subordinated debt	—	59,862
Deferred rent payable	2,747	2,411
Capital lease obligations, net of current portion	4,685	1,247
Other	526	—
Total liabilities	297,855	209,685
Stockholders' equity (deficiency):		
Common stock—\$.01 par value; authorized 90,000,000, issued and outstanding 8,871,427 shares and 6,605,872 shares at December 31, 2006 and 2005, respectively	102	66
Series A Preferred stock—\$.01 par value; authorized 89,526 shares, designated, issued and outstanding 89,521 shares at December 31, 2006 and 2005	1	1
Series A-1 Preferred stock—\$.01 par value; authorized 105,000 shares at December 31, 2006, designated, issued and outstanding 100,702 shares at December 31, 2006	1	—
Series B Preferred stock—\$.01 par value; authorized 93,180 shares, designated, issued and outstanding 92,832 shares at December 31, 2006 and 2005	1	1
Series B-1 Preferred stock—\$.01 par value; authorized 46,000 shares at December 31, 2006, designated, issued and outstanding 42,231 shares at December 31, 2006	—	—
Additional paid-in capital	117,689	44,254
Accumulated deficit	(97,324)	(55,811)
Deferred compensation	—	(1,083)
Total stockholders' equity (deficiency)	20,470	(12,572)
Total liabilities and stockholders' equity (deficiency)	<b>\$ 318,325</b>	<b>\$ 197,113</b>

See notes to consolidated financial statements.

Broadview Networks Holdings, Inc. and Subsidiaries

Consolidated Statements of Operations

	Successor			Predecessor
	Year ended December 31, 2006	Year ended December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
	<i>(In thousands)</i>			
Revenues	\$272,653	\$240,396	\$ 72,826	\$13,631
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	130,841	115,214	36,105	7,081
Selling, general and administrative	105,232	93,465	30,215	5,363
Deferred compensation	754	673	308	—
Software development	1,819	2,301	—	—
Depreciation and amortization	49,781	45,756	8,554	284
Merger integration costs	1,430	4,531	2,834	10
Total operating expenses	289,857	261,940	78,016	12,738
(Loss) income from operations	(17,204)	(21,544)	(5,190)	893
Other income (expense)	21	—	(4,523)	(1,001)
Interest expense	(25,463)	(17,842)	(3,399)	(704)
Interest income	1,395	458	31	29
Loss before provision for income taxes	(41,251)	(38,928)	(13,081)	(783)
Provision for income taxes	(262)	—	(3,802)	(2)
Net loss	<u>\$ (41,513)</u>	<u>\$ (38,928)</u>	<u>\$(16,883)</u>	<u>\$ (785)</u>

*See notes to consolidated financial statements.*

Broadview Networks Holdings, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity (Deficiency)

	Successor Company						Predecessor Company	
	Year ended December 31				Ten months ended		Two months ended	
	2006		2005		December 31, 2004		February 29, 2004	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
	<i>(In thousands, except share amounts)</i>							
<b>Common stock</b>								
Balance at beginning of year	6,605,872	\$ 66	336	\$ —	—	\$ —	756,256	\$ 8
Common stock issued	—	—	—	—	—	—	—	—
Issuance of shares pursuant to the plan of merger	—	—	—	—	336	—	—	—
Net effect of merger recapitalization	—	—	6,605,536	66	—	—	—	—
Repurchase of lender shares	(1,307,770)	—	—	—	—	—	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	3,573,325	36	—	—	—	—	—	—
Balance at end of year	8,871,427	102	6,605,872	66	336	—	756,256	8
<b>Series A Preferred stock</b>								
Balance at beginning of year	89,521	1	36,444	—	—	—	—	—
Issuance of shares pursuant to the plan of merger	—	—	—	—	36,000	—	—	—
Issuance of new shares in cancellation of note payable	—	—	—	—	444	—	—	—
Net effect of merger recapitalization	—	—	53,077	1	—	—	—	—
Balance at end of year	89,521	1	89,521	1	36,444	—	—	—
<b>Series A-1 Preferred Stock</b>								
Balance at beginning of year	—	—	—	—	—	—	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	100,702	1	—	—	—	—	—	—
Balance at end of year	100,702	1	—	—	—	—	—	—
<b>Series B Preferred Stock</b>								
Balance at beginning of year	92,832	1	—	—	—	—	—	—
Net effect of merger recapitalization	—	—	92,832	1	—	—	—	—
Balance at end of year	92,832	1	92,832	1	—	—	—	—
<b>Series B-1 Preferred Stock</b>								
Balance at beginning of year	—	—	—	—	—	—	—	—
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	42,231	—	—	—	—	—	—	—
Balance at end of year	42,231	—	—	—	—	—	—	—

*See notes to consolidated financial statements.*



# Broadview Networks Holdings, Inc. and Subsidiaries

## Consolidated Statements of Stockholders' Equity (Deficiency) (continued)

	Successor Company						Predecessor Company	
	Year ended December 31				Ten months ended December 31, 2004		Two months ended February 29, 2004	
	2006		2005					
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
<i>(In thousands, except share amounts)</i>								
<b>Additional paid-in capital</b>								
Balance at beginning of year	-	\$ 44,254	-	\$ 37,391	-	\$ -	-	\$ 207
Issuance of shares pursuant to the plan of merger	-	-	-	-	-	35,838	-	-
Issuance of new shares in cancellation of note payable	-	-	-	-	-	444	-	-
Net effect of merger recapitalization	-	-	-	5,908	-	-	-	-
Deferred compensation	-	754	-	955	-	1,109	-	-
Adoption of SFAS No. 123R	-	(1,083)	-	-	-	-	-	-
Issuance of shares pursuant to conversion of senior unsecured subordinated notes	-	73,764	-	-	-	-	-	-
Balance at end of year	-	117,689	-	44,254	-	37,391	-	207
<b>Note receivable stockholders</b>								
Balance at beginning of year	-	-	-	-	-	-	-	(1,351)
Payment of stock receivable	-	-	-	-	-	-	-	789
Balance at end of year	-	-	-	-	-	-	-	(562)
<b>Accumulated deficit</b>								
Balance at beginning of year	-	(55,811)	-	(16,883)	-	-	-	3,861
Net Loss	-	(41,513)	-	(38,928)	-	(16,883)	-	(785)
Balance at end of year	-	(97,324)	-	(55,811)	-	(16,883)	-	3,076
<b>Deferred compensation</b>								
Balance at beginning of year	-	(1,083)	-	(801)	-	-	-	-
Deferred compensation	-	-	-	(282)	-	(801)	-	-
Adoption of SFAS No. 123R	-	1,083	-	-	-	-	-	-
Balance at end of year	-	-	-	(1,083)	-	(801)	-	-
Total stockholders' equity (deficiency)	-	\$ 20,470	-	\$ (12,572)	-	\$ 19,707	-	\$ 2,729

See notes to consolidated financial statements.

# Broadview Networks Holdings, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows

	Successor			Predecessor
	Year ended December 31, 2006	Year ended December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
	<i>(In thousands)</i>			
<b>Cash flows from operating activities</b>				
Net loss	\$ (41,513)	\$ (38,928)	\$ (16,883)	\$ (785)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	19,302	17,679	1,959	284
Amortization and write-off of deferred financing costs	2,383	1,030	809	162
Amortization of intangible assets	30,479	28,077	6,595	—
Provision for doubtful accounts	4,115	3,823	1,332	169
Noncash subordinated debt interest	4,920	5,991	—	—
Amortization of deferred compensation	754	673	308	—
Increase in fair value of derivatives	—	(762)	—	—
Deferred income taxes	—	—	3,790	—
Other	(18)	(65)	—	—
Changes in operating assets and liabilities:				
Restricted cash	(460)	—	—	—
Accounts receivable	(1,492)	(3,243)	(765)	(1,537)
Prepaid expenses and other current assets	(1,328)	1,180	1,078	(494)
Deferred acquisition costs	—	—	(6,578)	—
Other assets	(208)	(1,307)	39	—
Accounts payable	(15,598)	(6,007)	120	1,365
Accrued and other current liabilities	11,349	(378)	6,280	21
Deferred revenue	260	(359)	193	163
Deferred rent	336	747	(12)	—
Other liabilities	15	—	—	—
Net cash provided by (used in) operating activities	13,296	8,151	(1,735)	(652)
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property and equipment	—	223	—	—
Cash acquired in merger	—	7,991	—	—
Acquisition, net of cash and restricted cash acquired	(88,787)	—	—	—
Merger acquisition costs	(3,635)	(10,030)	—	—
Purchase of property and equipment	(23,146)	(18,915)	(4,763)	(1,038)
Purchase of predecessor shares, net of cash received from shareholders	—	—	(35,573)	—
Net cash used in investing activities	(115,568)	(20,731)	(40,336)	(1,038)

See notes to consolidated financial statements.

# Broadview Networks Holdings, Inc. and Subsidiaries

## Consolidated Statements of Cash Flows (continued)

	Successor			Predecessor
	Year ended December 31, 2006	Year ended December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
	<i>(In thousands)</i>			
<b>Cash flows from financing activities</b>				
Proceeds from capital lease financing	\$ 7,794	\$ 372	\$ —	\$ —
Proceeds from issuance of long-term debt	210,000	—	—	—
Repayments of long-term debt	(84,000)	(3,000)	—	—
Proceeds from issuance of subordinated debt	10,000	30,000	—	—
Repayment of subordinated debt	(972)	—	—	—
Subordinated debt conversion fees	(1,531)	—	—	—
Payment of deferred financing fees	(8,453)	—	—	—
Capital contribution	—	—	36,282	—
Repayments of note payable—stockholder	—	—	562	789
Payments on capital lease obligations	(3,367)	(2,080)	(190)	(5)
Other	—	115	—	—
Net cash provided by financing activities	129,471	25,407	36,654	784
Net increase (decrease) in cash and cash equivalents	27,199	12,827	(5,417)	(906)
Cash and cash equivalents at beginning of period	16,753	3,926	9,343	10,249
Cash and cash equivalents at end of period	\$ 43,952	\$ 16,753	\$ 3,926	\$ 9,343
<b>Supplemental disclosure of cash flow information</b>				
Cash paid during the year for interest	\$ 7,123	\$ 10,584	\$ 3,133	\$ 542

See notes to consolidated financial statements.

# Broadview Networks Holdings, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

December 31, 2006

*(In thousands, except share information)*

### 1. Organization and Description of Business

Broadview Networks Holdings, Inc. (the “Company,”), formerly Bridgecom Holdings, Inc., is an integrated communications company whose primary interests consist of its wholly-owned subsidiaries, Broadview Networks, Inc. (“BNI”), Bridgecom Holdings, Inc. (“BH”), and Corecomm-ATX Inc., competitive local exchange carriers. The Company also provides phone systems and other customer service offerings through its subsidiary, Bridgecom Solutions Group, Inc. (“BSG”). The Company was founded in 1996 to take advantage of the deregulation of the U.S. telecommunications market following the Telecommunications Act of 1996. The Company has one reportable segment, which provides domestic wireline telecommunications services consisting of local and long distance voice services, Internet, and data services to commercial and residential customers in the northeast United States.

#### Change of Ownership

In November 2003, BH (“Predecessor Company”) entered into a merger agreement with MCG Capital Corp. (“MCG”), Telecomm North Corp. (a wholly-owned subsidiary of MCG) and certain stockholders of BH. The transaction closed in March 2004. Under the terms of the agreement, Telecomm North Corp. acquired 100% of BH’s shares, buying out all other stockholders. The surviving company continued to carry the name Bridgecom Holdings, Inc. (“Successor Company”) until the January 2005 merger with BNI became effective at which time the Company began doing business under the name Broadview Networks Holdings, Inc.

In October 2004, the Company entered into a merger agreement with BNI and subsidiaries, the principal stockholders of BNI and MCG, 100% owners of BH, which closed and became effective in January 2005. As a result of the merger and certain related transactions, MCG became the owner of 60% of the voting power of the Company’s capital stock and approximately 40% of the Company’s capital stock on a fully diluted basis, excluding options reserved but not issued under the Company’s employee stock incentive plan as of January 14, 2005. BH was considered to be the acquirer for accounting purposes.

In June 2006, the Company entered into a merger agreement with ATX Communications, Inc. (“ATX”) and its shareholders and Leucadia National Corporation which closed and became effective in September 2006. The Company was considered to be the acquirer for accounting purposes.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **2. Significant Accounting Policies**

##### **Basis of Presentation**

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions have been eliminated in consolidation. As a result of the mergers effective September 29, 2006, January 14, 2005 and March 3, 2004, the consolidated financial statements of the Company reflect the acquisitions under the purchase method of accounting in accordance with the Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations* ("SFAS 141"). For periods following the March 3, 2004 acquisition, the consolidated statements of the Company are presented as "Successor." For periods preceding the March 3, 2004 acquisition, the consolidated financial statements are presented as "Predecessor."

##### **Revenue Recognition**

The Company's revenue is derived primarily from subscriber usage and fixed monthly recurring fees. Such revenue is recognized in the month the actual services and other charges are provided and costs are incurred, with deferral of revenue and prepayment of those monthly charges that are billed in advance. Services rendered for which the customer has not been billed are recorded as unbilled revenues until the period such billings are provided. Cable and wiring revenues are recognized when the Company provides the services.

Unbilled revenue included in accounts receivable represents revenue for earned services, which was billed in the succeeding month and totaled \$5,306 and \$3,681 as of December 31, 2006 and 2005, respectively.

Revenue from carrier interconnection and access amounting to \$15,028 and \$14,843 in the years ended December 31, 2006 and 2005, \$4,706 for the ten months ended December 31, 2004 and \$990 for the two months ended February 29, 2004, respectively, is recognized in the month in which service is provided.

Broadview Networks Holdings, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**2. Significant Accounting Policies (continued)**

**Costs of Revenue**

Costs of revenue include direct costs of sales and network costs. Direct costs of sales include the costs incurred with telecommunication carriers to render services to customers. Network costs include the costs of fiber and access, points of presence, repairs and maintenance, rent and utilities of the telephone, internet data network, as well as salaries and related expenses of network personnel. Network costs are recognized during the month in which the service is utilized. The Company accrues for network costs incurred but not billed by the carrier.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. A significant portion of cash balances are maintained with several high credit quality financial institutions, which are members of the FDIC.

**Restricted Cash**

Restricted cash represents the balance of cash that ATX was required to set aside for the purpose of paying certain claims and administrative expenses.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are reported at their outstanding unpaid principal balances reduced by an allowance for doubtful accounts. The Company estimates doubtful accounts based on historical bad debts, factors related to the specific customers' ability to pay, percentages of aged receivables and current economic trends. Allowances for doubtful accounts are recorded as selling, general and administrative expenses. The Company writes off accounts deemed uncollectible after efforts to collect such accounts are not successful.

Broadview Networks Holdings, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**2. Significant Accounting Policies (continued)**

**Property and Equipment**

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful life is three years for computer equipment, five years for furniture and fixtures, and seven years for network equipment. Leasehold improvements are amortized on a straight-line basis over the shorter of their estimated useful lives or the related lease term. Capitalized software costs are amortized on a straight-line basis over the estimated useful life, typically two years. Construction in progress includes amounts incurred in the Company's expansion of its network. The amounts include switching and co-location equipment, switching and co-location facilities design and co-location fees. The Company has not capitalized interest to date since the construction period has been short in duration and the related imputed interest expense incurred during that period was insignificant. When construction of each switch or co-location facility is completed, the balance of the assets is transferred to network equipment and depreciated in accordance with the Company's policy. Maintenance and repairs are expensed as incurred.

**Impairment of Long-lived Assets**

The Company accounts for the impairment of long-lived assets in accordance with the provisions of SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* ("SFAS 144"). SFAS 144 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company compares the carrying amount of the asset to the estimated undiscounted future cash flows expected to result from the use of the asset. If the carrying amount of the asset exceeds estimated expected undiscounted future cash flows, the Company records an impairment charge for the difference between the carrying amount of the asset and its fair value.

**Goodwill and Other Intangible Assets**

The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, *Goodwill and Other Intangible Assets* ("SFAS 142"), whereby goodwill is not subject to amortization over its estimated useful life. Rather, goodwill is subject to at least an annual assessment for impairment by applying a fair-value-based test.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **2. Significant Accounting Policies (continued)**

Additionally, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so.

#### **Third Party Conversion Costs**

The Company currently capitalizes third party conversion costs incurred to provision customers to its network. These costs include external vendor charges, but exclude costs incurred internally. At January 1, 2006, the Company changed the third party conversion costs amortization period from two to four years. The Company believes that an amortization period of four years more properly reflects the expected life of its current customer base. The effect of changing this estimate in useful life was a reduction in depreciation expense of \$2,951 for the year ended December 31, 2006.

#### **Debt Issuance Costs**

The costs related to the issuance of long-term debt are deferred and amortized into interest expense over the life of each debt issuance.

#### **Significant Vendor**

The Company purchases approximately 79% of its telecommunication services from one vendor. Accounts payable and accrued expenses in the accompanying consolidated balance sheets include \$28,244 and \$29,053 as of December 31, 2006 and 2005, respectively, due to this vendor.



Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**2. Significant Accounting Policies (continued)**

**Income Taxes**

The Company recognizes deferred income taxes using the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for differences between the financial reporting and tax bases of assets and liabilities at enacted statutory tax rates in effect for the years in which the differences are expected to reverse. The effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date. In addition, valuation allowances are established when necessary to reduce deferred tax assets to the amounts expected to be realized.

**Stock-Based Compensation**

Effective January 1, 2006, the Company began recording compensation expense associated with stock options and other forms of equity compensation in accordance with SFAS No. 123R, *Share-Based Payment* ("SFAS 123R"), using the prospective method (as permitted under SFAS No. 148, *Accounting for Stock-Based Compensation—Transition and Disclosure*) to all new awards granted, modified or settled after January 1, 2003. SFAS 123R eliminates the ability to account for stock-based compensation transactions using the intrinsic value method under Accounting Principles Board Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees*, and instead generally requires that such transactions be accounted for using a fair value based method.

As permitted under SFAS 123R, the Company uses the Black-Scholes-Merton ("BSM") option-pricing model to determine the fair value of stock-based awards. The BSM model is consistent with the option-pricing model the Company used to value stock-based awards granted prior to January 1, 2006.

**Software Development Costs**

The Company capitalizes the cost of internal use software in accordance with Statement of Position 98-1, *Accounting for the Cost of Computer Software Developed or Obtained for Internal Use* ("SOP 98-1"). SOP 98-1 provides guidance for the accounting for computer software developed or acquired for internal use, including the requirement to capitalize certain costs and amortization of these costs. Costs for preliminary stage projects are expensed as incurred while application stage projects are capitalized.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **2. Significant Accounting Policies (continued)**

The latter costs are typically internal payroll costs of employees associated with the development of internal use computer software. The Company commences amortization of the software on a straight-line basis over the estimated useful life, typically two years, when it is ready for intended use.

During the years ended December 31, 2006 and 2005, the Company capitalized approximately \$2,184 and \$1,759 of software development costs, respectively, which are included in property and equipment. Amortization expense related to these assets was approximately \$2,768 and \$3,712 for the years ended December 31, 2006 and 2005, respectively. No software development costs were capitalized for the ten months ended December 31, 2004 and the two months ended February 29, 2004.

#### **Advertising**

The Company expenses advertising costs in the period incurred and these amounts are included in selling, general and administrative expenses. Advertising expenses approximated \$536 and \$584 for the years ended December 31, 2006 and 2005, \$54 for the ten months ended December 31, 2004 and \$3 for the two months ended February 29, 2004, respectively.

#### **Disputes**

The Company accounts for disputed billings from carriers based on the estimated settlement amount of disputed balances. The estimate is based on a number of factors including historical results of prior dispute settlements with the carriers and is periodically reviewed by management to reassess the likelihood of success. Actual settlements may differ from estimated amounts (see Note 15).

#### **Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**2. Significant Accounting Policies (continued)**

liabilities at the date of the consolidated financial statements and the reported amount of revenues and expenses during the reporting period. Management periodically reviews such estimates and assumptions as circumstances dictate. Actual results could differ from those estimates.

**Comprehensive Income**

Comprehensive income represents the change in net assets of a business enterprise during a period from non-owner sources. For the years ended December 31, 2006 and 2005, the ten months ended December 31, 2004 and the two months ended February 29, 2004, the Company's net loss was the only item of other comprehensive income.

**Accounting for Derivatives and Hedging Activities**

The Company had interest rate swap derivatives for a period in 2005 and 2006. These derivatives were not designated as a hedge for accounting purposes. As a result, the change in the fair value of the derivatives totaling \$762 for the year ended December 31, 2005 was recorded in expense. There was no liability on the consolidated balance sheet at December 31, 2005 and the derivatives expired during the year ended December 31, 2006 with no effect on the consolidated statement of operations. The Company has no outstanding derivative transactions at December 31, 2006.

**3. Recent Accounting Pronouncements**

**Uncertainty in Income Taxes**

In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* ("FIN 48"). FIN 48 requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The Company is required to adopt FIN 48 effective January 1, 2007. The cumulative effect of initially adopting FIN 48 will be recorded as an adjustment to opening retained earnings in the year of adoption and will be presented separately. Only tax positions that meet the more likely than not recognition threshold at the effective date may be recognized upon adoption of FIN 48. The Company is currently evaluating the impact of FIN 48 and does not expect the adoption as of January 1, 2007 to have a material impact on its consolidated financial position or results of operations.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **3. Recent Accounting Pronouncements (continued)**

##### **Fair Value Measurements**

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurement* ("SFAS 157"). SFAS 157 defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States and establishes a hierarchy that categorizes and prioritizes the sources to be used to estimate fair value and expands disclosure about fair value measurements. The Company is required to adopt SFAS 157 effective January 1, 2008 on a prospective basis. The Company is currently evaluating the impact this new standard will have on its consolidated financial position and results of operations.

#### **4. Acquisitions and Merger Agreements**

##### ***2006 Acquisition***

On June 26, 2006, the Company entered into a stock purchase agreement with ATX and its shareholders in a transaction that closed on September 29, 2006 (the "2006 Merger"). Accordingly, the results of ATX are included in these consolidated financial statements beginning September 30, 2006. ATX is a facilities-based competitive communications provider operating in the mid-Atlantic Region states including Pennsylvania, New Jersey, Delaware, Maryland and the District of Columbia.

The Company purchased all of the outstanding capital stock of ATX for net aggregate cash consideration of approximately \$88,787. The total purchase consideration has been allocated to the assets acquired and liabilities assumed based on their respective fair value as of September 30, 2006. The liabilities included in the acquisition cost allocation for exit activities included severance costs for terminated ATX executives and employees affected by the merger. These liabilities were accounted for in accordance with Emerging Issues Task Force ("EITF") 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination* ("EITF 95-3"). The balance of such liabilities was approximately \$1,810 as of December 31, 2006 and is expected to be paid in 2007.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**4. Acquisitions and Merger Agreements (continued)**

The purchase price of the transaction as determined with the assistance of a third party appraisal was allocated as follows:

Assets acquired:	
Cash and cash equivalents	\$ 10,646
Restricted cash	1,508
Accounts receivable	19,441
Other current assets	3,817
Property and equipment	17,607
Goodwill	38,033
Customer-based intangibles	21,412
Other intangibles	7,909
Other non-current assets	1,811
Total assets acquired	<u>122,184</u>
Liabilities assumed:	
Current liabilities	20,732
Other liabilities	511
Total liabilities assumed	<u>21,243</u>
Net assets acquired	<u>\$ 100,941</u>

The following unaudited pro forma financial information was prepared in accordance with SFAS 141 and assumes the acquisition had occurred at the beginning of the periods presented. The unaudited pro forma information is provided for informational purposes only. These pro forma results are based upon the respective historical financial statements of the respective companies, and do not incorporate, nor do they assume, any benefits from cost savings or synergies of operations of the combined company. The pro forma results of operations do not necessarily reflect the results that would have occurred had the acquisition occurred at the beginning of the periods presented or the results that may occur in the future.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**4. Acquisitions and Merger Agreements (continued)**

The pro forma combined results are as follows:

	Year ended December 31, 2006	Year ended December 31, 2005
Revenues	\$ 391,640	\$ 402,403
Net loss	(48,347)	(44,446)

Included in the consolidated statements of operations for the year ended December 31, 2006 are merger integration costs of approximately \$862 of severance costs and consulting fees for Broadview employees.

***2005 Merger***

In October 2004, BH entered into a merger agreement with BNI that became effective January 14, 2005 (the "2005 Merger") and, accordingly, the results of BNI are included in these consolidated financial statements beginning January 14, 2005. The 2005 merger was effectuated by way of a stock for stock exchange whereby holders of the capital stock of BH and BNI each exchanged their capital stock for certain newly issued common and preferred shares of the Company. BH was considered the acquirer for accounting purposes. The total purchase consideration has been allocated to the assets acquired and liabilities assumed based on their respective fair value as of January 1, 2005. There is no resulting goodwill that is expected to be deductible for tax purposes. The liabilities included in the acquisition cost allocation for exit activities included severance costs for terminated BNI executives and employees affected by the merger and certain lease termination costs related to leases terminated due to the merger. These liabilities were accounted for in accordance with EITF 95-3. The balance of such liabilities was \$802 and \$1,795 as of December 31, 2006 and 2005, respectively, and primarily consists of lease termination costs to be paid through 2010.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**4. Acquisitions and Merger Agreements (continued)**

The purchase price of the transaction as determined with the assistance of a third party appraisal was allocated as follows:

Assets acquired:	
Cash and cash equivalents	\$ 7,991
Accounts receivable	14,915
Other current assets	3,335
Property and equipment	29,225
Customer-based intangibles	84,000
Goodwill	19,842
Other	985
Total assets acquired	<u>160,293</u>
Liabilities assumed:	
Current liabilities	56,893
Long-term debt	87,870
Other long term liabilities	<u>3,745</u>
Total liabilities assumed	<u>148,508</u>
Net assets acquired	<u>\$ 11,785</u>

The following unaudited pro forma financial information was prepared in accordance with SFAS 141 and assumes the acquisition had occurred at the beginning of the periods presented. The unaudited pro forma information is provided for informational purposes only. These pro forma results are based upon the respective historical financial statements of the respective companies, and do not incorporate, nor do they assume, any benefits from cost savings or synergies of operations of the combined company. The pro forma results of operations do not necessarily reflect the results that would have occurred had the acquisition occurred at the beginning of the periods presented or the results that may occur in the future.

# Broadview Networks Holdings, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

### 4. Acquisitions and Merger Agreements (continued)

The pro forma combined results are as follows:

	Year ended December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
Revenues	\$ 245,771	\$ 202,967	\$ 40,425
Net loss	(45,588)	(42,717)	(3,401)

Included in the consolidated statements of operations for the year ended December 31, 2005 are merger integration costs of approximately \$2,601 of network shutdown costs incurred to shut down components of the Bridgecom network and to migrate customers to BNI's network and approximately \$1,265 of severance costs and consulting fees related to Bridgecom employees.

#### *2004 Merger*

In November 2003, BH entered into a merger agreement with MCG, Telecomm North Corp. (a wholly-owned subsidiary of MCG) and certain stockholders of BH in a transaction that closed in March 2004 (the "2004 Merger"). Under the terms of the agreement, Telecomm North Corp. acquired 100% of BH's shares. The total purchase consideration has been allocated to the assets acquired and liabilities assumed based on their respective fair values as of February 29, 2004. Such allocation resulted in intangible assets of \$39,697, including goodwill of \$8,379. The current assets as of February 29, 2004 approximated \$21,567, the current liabilities \$13,518 and the fixed assets \$6,280.

Historically, MCG was the Predecessor Company's primary lender and continued to be so after the merger. MCG charged the Company advisory fees and certain closing costs in conjunction with this transaction and certain management fees subsequent to it. Amounts expensed related to these and other ongoing services and transactions with MCG amounted to approximately \$325 for the ten months ended December 31, 2004 and \$10 for the two months ended February 29, 2004, respectively, and are included in merger integration costs in the consolidated statements of operations. Also included in merger integration costs for the ten months ended December 31, 2004 are \$2,509 of employee related bonus payments incurred in connection with the merger paid to certain key employees of the Company.



Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**5. Other Assets**

Other current assets consist of the following at December 31:

	2006	2005
Deferred carrier charges	\$ 3,021	\$ 1,355
Prepaid expenses	2,729	1,068
Other	2,558	739
Total other current assets	<u>\$ 8,308</u>	<u>\$ 3,162</u>

Other non-current assets consist of the following at December 31:

	2006	2005
Deferred financing costs	\$ 9,648	\$ 2,119
Lease security and carrier deposits	2,017	2,075
Other	1,752	12
Total other non-current assets	<u>\$ 13,417</u>	<u>\$ 4,206</u>

Amortization of deferred financing costs amounted to approximately \$1,173 and \$1,030 for the years ended December 31, 2006 and 2005, \$809 for the ten months ended December 31, 2004 and \$162 for the two months ended February 29, 2004, respectively.

**6. Property and Equipment**

Property and equipment, at cost, consists of the following at December 31:

	2006	2005
Network equipment	\$ 65,018	\$ 33,116
Computer and office equipment	16,794	14,297
Capitalized software costs	8,639	6,456
Furniture and fixtures and other	8,084	5,589
Leasehold improvements	4,661	2,577
	<u>103,196</u>	<u>62,035</u>
Less accumulated depreciation and amortization	<u>(41,801)</u>	<u>(22,488)</u>
	<u>\$ 61,395</u>	<u>\$ 39,547</u>

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **6. Property and Equipment (continued)**

Property and equipment includes amounts acquired under capital leases of approximately \$9,655 and \$2,684, respectively, net of accumulated depreciation and amortization of approximately \$1,429 and \$1,808, respectively, at December 31, 2006 and 2005.

#### **7. Identifiable Intangible Assets and Goodwill**

The Company accounts for intangible assets under SFAS 142. The Company's intangible assets, consisting primarily of its customer base and trademark, were valued as follows:

*Customer Relationships:* The Company's customer base is composed of subscribers to the Company's various telecommunications services. The multi-period excess earnings method, a variant of the income approach, was utilized to value the customer base intangibles.

The customer relationship intangible is amortized over the average expected life of the customer relationship of four years based on the Company's historical disconnect statistics. The unamortized balances are evaluated for potential impairment based on future estimated cash flows when an impairment indicator is present.

*Trademark:* The Company's trademark was valued using a variant of the income approach, referred to as the relief from royalty method.

The Company has assumed the trademark intangible will generate cash flows for the Company for an indefinite period of time. Accordingly, no amortization expense has been recorded for this intangible. This intangible will be evaluated periodically to determine whether events and circumstances continue to support an indefinite useful life and will be tested at least annually for impairment.

Amortization of intangible assets for the years ended December 31, 2006 and 2005, the ten months ended December 31, 2004 and the two months ended February 29, 2004 amounted to \$30,479, \$28,077, \$6,595 and \$0, respectively.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**7. Identifiable Intangible Assets and Goodwill (continued)**

Future projected amortization expense is as follows:

Year ending December 31:	
2007	\$ 34,949
2008	27,657
2009	6,227
2010	4,015
	<u>\$ 72,848</u>

The components of intangible assets at December 31 are as follows:

	<u>2006</u>	<u>2005</u>
Customer base	\$ 137,067	\$ 115,658
Trademarks	7,000	—
Other	909	—
Less accumulated amortization	<u>(65,128)</u>	<u>(34,672)</u>
Net intangible assets	<u>\$ 79,848</u>	<u>\$ 80,986</u>

Changes in the carrying amount of goodwill are as follows:

Balance at December 31, 2004	\$ 8,379
Effects of 2005 merger	<u>19,585</u>
Balance at December 31, 2005	27,964
Effects of 2006 acquisition	<u>41,668</u>
Balance at December 31, 2006	<u>\$ 69,632</u>

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**8. Accrued Expenses and Other Current Liabilities**

Accrued expenses and other current liabilities consist of the following at December 31:

	2006	2005
Recurring network costs and other operating accruals	\$ 14,211	\$ 4,630
Unbilled carrier and disputed charges	15,186	8,659
Accrued interest	8,615	26
Merger transaction fees	2,999	2,761
Payroll related liabilities	6,320	3,813
Other	175	126
Total accrued expenses and other current liabilities	<u>\$ 47,506</u>	<u>\$ 20,015</u>

Recurring network costs and other operating accruals are primarily costs of revenue amounts that have been incurred in a current service period but for which the Company has not yet been billed. Unbilled carrier and disputed charges are amounts that the Company has accrued for either estimated settlements of disputed charges or anticipated charges that have not been billed for various reasons.

Accrued interest for the year ended December 31, 2006 represents amounts due on the Company's Senior Secured \$210,000 Notes (see Note 10). Payroll related liabilities include amounts accrued in the normal course of business at month-end for payroll incurred but not yet paid plus any payroll actions accrued at management's discretion.

**9. Obligations Under Capital and Operating Leases**

***Capital Leases***

In March 2006, the Company entered into a capital lease facility, as amended in October 2006, with a third party that allows the Company to finance the acquisition of up to \$12,500, or as otherwise limited by our indenture (see Note 10), of network related equipment through December 31, 2007. The Company is obligated to repay the borrowings in thirteen quarterly installments. At the end of the final installment period, the Company has the option of renewing, returning or purchasing the equipment at a mutually agreed fair value which is not to exceed 18% of original equipment cost. The company had borrowings of \$6,226 outstanding on this facility at December 31, 2006.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**9. Obligations Under Capital and Operating Leases (continued)**

The future minimum lease payments under all capital leases at December 31, 2006 are as follows:

Year ending December 31:	
2007	\$ 4,099
2008	2,795
2009	2,542
2010	841
	<u>10,277</u>
Less amounts representing interest	<u>(2,508)</u>
	7,769
Less current portion	<u>(3,084)</u>
Capital lease obligations, net of current portion	<u><u>\$ 4,685</u></u>

Amortization of capital leases is included in depreciation and amortization expense in the consolidated statements of operations.

***Operating Leases***

The Company rents office space and equipment under various operating leases. The future minimum lease payments under operating leases at December 31, 2006 are as follows:

Year ending December 31:	
2007	\$ 10,096
2008	8,781
2009	8,320
2010	7,851
2011	4,355
Thereafter	<u>8,158</u>
Total minimum lease payments	<u><u>\$ 47,561</u></u>

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**9. Obligations Under Capital and Operating Leases (continued)**

Future minimum lease payments are net of sublease rentals as follows:

Year ending December 31:	
2007	\$ 671
2008	679
2009	688
2010	602
2011	27
Total sublease rentals	<u>\$ 2,667</u>

Total rent expenses under these operating leases, including escalation charges for real estate taxes and other expenses, amounted to approximately \$7,703 and \$7,094 for the years ended December 31, 2006 and 2005, \$1,588 for the ten months ended December 31, 2004 and \$366 for the two months ended February 29, 2004, net of approximately \$284, \$438, \$4 and \$8 of sublease rental income, respectively. Rent expense is charged to operations ratably over the terms of the leases, which results in deferred rent payable.

**10. Debt**

***Senior Secured \$210,000 Notes***

On August 23, 2006, the Company issued \$210,000 principal amount of 11 3/8% Senior Secured Notes due 2012 (the "Senior Secured Notes"). The net proceeds from the Senior Secured Notes were used to fund the ATX acquisition, repay indebtedness under the Company's senior secured credit facility and senior unsecured subordinated notes due 2009, and for general corporate purposes. The Company is required to pay cash interest on the principal amount of the notes at a rate of 11 3/8% per annum, which is due semi-annually on March 1 and September 1 of each year, commencing on March 1, 2007. The Senior Secured Notes mature on September 1, 2012. The notes are fully, unconditionally and irrevocably guaranteed on a senior secured basis, jointly and severally, by each of the Company's existing and future domestic restricted subsidiaries. The notes and the guarantees rank senior in right of payment to all existing and future subordinated indebtedness of the Company and its subsidiary guarantors, as applicable, and equal in right of payment with all existing and future senior indebtedness of the Company and of such subsidiaries.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **10. Debt (continued)**

The notes and the guarantees are secured by a lien on substantially all of the Company's assets provided, however, that pursuant to the terms of an intercreditor agreement, the security interest in those assets consisting of receivables, inventory, deposit accounts, securities accounts and certain other assets that secure the notes and the guarantees are contractually subordinated to a lien thereon that secures the Company's five-year senior revolving credit facility with an aggregate principal amount of \$25,000 (the "Revolving Credit Facility") and certain other permitted indebtedness.

On or after September 1, 2009, the Company may redeem some or all of the notes at the following redemption prices, expressed as percentages of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption. Prior to September 1, 2009, (i) the Company may redeem up to 35% of the aggregate principal amount of the notes with the net proceeds of certain equity offerings at 111.375% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of redemption provided that, following the redemption, at least 65% of the aggregate principal amount of the notes originally issued under the indenture remains outstanding and (ii) the Company may redeem the notes, in whole or in part, at a make-whole redemption price set forth herein, plus accrued and unpaid interest to the date of redemption. In addition, the Company may, at its option upon a change of control, redeem all, but not less than all, of the notes at any time prior to September 1, 2009, at 111.375% of their principal amount, plus accrued and unpaid interest to the redemption date.

If the Company experiences a change of control, the holders of the notes will have the right to require the Company to purchase their notes at 101% of the aggregate principal amount thereof, plus accrued and unpaid interest to the date of repurchase.

The Indenture contains covenants limiting the Company's ability to, among other things: incur or guarantee additional indebtedness or issue certain preferred stock; pay dividends; redeem or purchase equity interests; redeem or purchase subordinated debt; make certain acquisitions or investments; create liens; enter into transactions with affiliates; merge or consolidate; make certain restricted payments; and transfer or sell assets, including equity interests of existing and future restricted subsidiaries. The Company was in compliance with all covenants at December 31, 2006.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **10. Debt (continued)**

##### ***Revolving \$25,000 Senior Credit Facility***

On August 23, 2006, the Company entered into a five year, Revolving \$25,000 Senior Credit Facility ("Revolving Credit Facility"). Any outstanding amounts under this facility are subject to a borrowing base limitation based on an advance rate of 85% of the amount of eligible receivables, as defined. The loans bear interest on a base rate method or LIBOR method, in each case plus an applicable margin percentage, at the option of the Company. Interest on the LIBOR loans is paid on a monthly or quarterly basis, and interest on the base rate loans is paid on a quarterly basis. The Company did not have any borrowings outstanding on the Revolving Credit Facility at December 31, 2006.

The Revolving Credit Facility also has a sublimit of \$9,000 for the issuance of letters of credit. On the consummation of the ATX acquisition in August 2006, \$7,802 of letters of credit were issued in lieu of vendor security deposits. Such amount was outstanding at December 31, 2006.

Indebtedness under the Revolving Credit Facility is guaranteed by all of the Company's direct and indirect subsidiaries that are not borrowers thereunder and is secured by a security interest in all of the Company's and its subsidiaries' tangible and intangible assets.

The Revolving Credit Facility contains negative covenants and restrictions on the Company's assets and the Company's subsidiaries' actions, including, without limitation, incurrence of additional indebtedness, restrictions on dividends and other restricted payments, prepayments of debt, liens, sale-leaseback transactions, loans and investments, hedging arrangements, mergers, transactions with affiliates, changes in business and restrictions on the Company's ability to amend the indenture and terms of the Company's subordinated debt.

The fair value of the Senior Secured Notes and the Revolving Credit Facility approximates their carrying value. Certain of the Company's assets have been pledged to the above creditors pursuant to the debt agreements. Each of the Company's subsidiaries has guaranteed the outstanding debt. The parent company of these subsidiaries has no independent assets or operations and the guarantees are full and unconditional and joint and several.



Broadview Networks Holdings, Inc. and Subsidiaries  
Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**10. Debt (continued)**

***Senior Credit Facility***

Upon the closing of the 2005 Merger effective January 14, 2005, the Company amended and restated its Loan and Security Agreement, dated as of October 10, 2000, among the Company, its subsidiaries, NTFC Capital Corporation as Administrative Agent, Wachovia Bank, National Association as Syndication Agent and Communication Ventures Corporation (the "Senior Credit Facility").

The Company was required to pay interest in arrears, with varying interest rates on amounts of indebtedness, on each applicable interest payment date. The Senior Credit Facility contained financial and non-financial covenants.

On August 23, 2006, upon the completion of the Company's offering of the Senior Secured Notes, the Company repaid in full the then outstanding balance of \$79,000 on the Senior Credit Facility.

***Senior Subordinated Debt***

In connection with the 2005 Merger, the Company entered into a note purchase agreement with MCG and the other existing equity holders whereby the Company issued senior unsecured subordinated notes ("Subordinated Debt") due 2009. In June 2005, the Company issued additional subordinated notes to those equity holders on terms identical to the existing senior subordinated debt. In general, the terms of the senior subordinated debt include an interest rate of 12% until December 31, 2008 at which point it increases to 15% until the stated maturity date of December 31, 2009.

In July 2006, the Company amended the note purchase agreement and issued an additional aggregate principal amount of \$10,000 of senior unsecured subordinated notes due 2009 to three existing equity holders. These notes were issued on substantially the same terms as the senior unsecured subordinated notes due December 31, 2009.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **10. Debt (continued)**

In August 2006, in connection with the issuance of the Senior Secured Notes, the Company extinguished all outstanding Subordinated Debt, plus accrued interest. The Company converted \$73,764 into common stock and series A-1 and B-1 preferred stock, and repaid the remaining balance of \$972. The Company paid a conversion fee to all debt holders who converted to equity. This fee amounted to \$1,531 and was recorded in interest expense.

Interest expense on all borrowings amounted to approximately \$19,625 and \$15,461 for the years ended December 31, 2006 and 2005, \$2,385 for the ten months ended December 31, 2004 and \$433 for the two months ended February 29, 2004, respectively.

#### **11. Shareholders' Equity (Deficiency)**

##### **Equity**

In July 2006, in anticipation of the acquisition of ATX and the refinancing of the existing senior unsecured subordinated notes, the Company authorized two new series of preferred stock, Series A-1 Preferred Stock, and Series B-1 Preferred Stock. At the refinancing, holders of the senior unsecured subordinated notes were offered the option to convert their existing notes into shares of either Series A-1 Preferred Stock and Class A Common Stock or Series B-1 Preferred Stock and Class A Common Stock at a conversion price per preferred share of \$516.35. Each converting note holder would also receive a number of shares of Class A Common Stock equal to twenty-five times the number of shares of preferred stock purchased. The two new series of preferred stock are pari passu with the existing Series A and Series B of preferred stock.

As of December 31, 2006, there were 100,702 shares of Series A-1 Preferred Stock outstanding. Each Share of Series A-1 Preferred Stock carries a liquidation preference identical to the Series A Preferred Stock of \$1,000.00 per share that increases at an annual rate of 12%, compounded quarterly. In order to realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series A-1 Preferred Stock is convertible at the option of the holder into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**11. Shareholders' Equity (Deficiency) (continued)**

As of December 31, 2006, there were 42,231 shares of Series B-1 Preferred Stock outstanding. Each Share of Series B-1 Preferred Stock carries a liquidation preference identical to the Series B Preferred Stock of \$1,000.00 per share that increases at an annual rate of 12%, compounded quarterly. In order to realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series B-1 Preferred Stock is convertible at the option of the holder into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars.

As of December 31, 2006, there were 89,521 shares of Series A Preferred Stock outstanding. Each share of Series A Preferred Stock carries an initial liquidation preference of \$1,000 per share that increases at an annual rate of 12%, compounded quarterly. To realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series A Preferred Stock is convertible at the option of the holder into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars.

As of December 31, 2006, there were 92,832 shares of Series B Preferred Stock outstanding. Each share of Series B Preferred Stock carries an initial liquidation preference of \$1,000 per share that increases at an annual rate of 12%, compounded quarterly. To realize a liquidation preference, the holder must simultaneously surrender 25 shares of common stock for each share of preferred stock liquidated. Each share of Series B Preferred Stock is convertible at the option of the holder into that number of common shares equal to the liquidation preference at the date of conversion divided by fifty dollars.

As of December 31, 2006, there were 8,871,427 shares of common stock outstanding. During 2006, 1,307,770 shares of common stock held by the Company's previous senior lenders were repurchased for nominal consideration, which approximated fair value, after the repayment of the Company's senior credit facility.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**11. Shareholders' Equity (Deficiency) (continued)**

As a result of the 2005 Merger effective January 14, 2005 and related transactions, MCG, the indirect controlling stockholder of BH, effectively became the owner of stock representing (1) 60% of the voting power of the Company's capital stock and (2) approximately 40% of the Company's capital stock on a fully diluted basis, excluding options reserved but not issued under the Company's employee stock incentive plan as of January 14, 2005. Pursuant to the 2005 Merger, MCG exchanged its 100% interest in BH's corporate parent for Series A preferred stock and Class A common stock of the Company.

Immediately prior to the 2005 Merger, all existing series of capital stock of BNI were reclassified into Series B Preferred Stock and Class A common stock.

During 2005, the Company repurchased 61 shares of Series B preferred stock and 1,522 shares of Class A common stock from certain shareholders for a nominal amount.

Effective with the 2004 Merger, 336 shares of Telecomm North Corp. common stock were converted into 336 shares of BH common stock with a par value of \$0.01. Additionally, 36,000 shares of Telecomm North Corp. preferred stock were converted into 36,000 shares of BH preferred stock with a par value of \$0.01.

Stock options to acquire 206 shares of Series B Preferred Stock and 5,232 shares of Common Stock are outstanding under the Company's 1997 and 2000 Stock Option Plans.

A warrant to acquire 46 shares of Series B Preferred Stock and 1,151 shares of Common Stock is outstanding as of December 31, 2006.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **12. Stock Based Compensation**

##### **Restricted Stock Awards**

In conjunction with the 2005 Merger, the Company issued restricted stock awards that vest over three years at a percentage rate of 40/30/30. The awards consist of 1,900 shares of Series A preferred stock and 47,500 shares of Class A common stock. In 2006, an additional grant with the same vesting terms was provided to one of the Company's executives of 368 shares of Series A preferred stock, 383 shares of Series B preferred stock and 18,750 shares of Class A common stock. Under FASB Interpretation No. 44, *Accounting for Certain Transactions Involving Stock Compensation*, if a company cancels or settles a fixed stock option and replaces that award with stock, a new measurement date would be required and additional compensation expense is recognized over the remaining vesting period. All of the awards were valued at fair market value using public company comparables, recent comparable transactions and discounted cash flow valuation methodologies. Total compensation expense associated with these awards for the years ended December 31, 2006 and December 31, 2005 was \$754 and \$673, respectively. At December 31, 2006, the total compensation cost related to nonvested awards not yet recognized is \$705, of which \$652 will be recognized in the year ended December 31, 2007 and \$53 will be recognized in the year ended December 31, 2008. If prior to the time the restricted stock has vested, a participants' employment or services, as applicable, terminates for any reason all vesting with respect to restricted stock shall cease and unvested shares of restricted stock shall be forfeited to the Company for no consideration as of the date of such termination provided, however, in the event such participant's employment is terminated by the employer without cause or by the participant for good reason, as defined, all shares of restricted stock not previously vested shall immediately vest.

##### **Stock Options**

On March 3, 2004, BH adopted a stock option plan that allows the Board of Directors to grant incentives to employees and directors in the form of incentive stock options and nonqualified stock options. As of December 31, 2004, BH had reserved 105,320 shares of common stock to be issued under the Plan.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**12. Stock Based Compensation (continued)**

At December 31, 2004, options to purchase 29,352 shares of common stock at an exercise price of \$0.01 per share were outstanding and were exercisable through March 2014. A summary of the status of the Company's options and changes during the periods is presented below:

	<b>Number of Shares</b>	<b>Weighted- Average Exercise Price</b>
Outstanding at December 31, 2003	102,585	6.51
Granted	29,352	0.01
Settled	101,429	4.71
Canceled	1,156	6.51
Outstanding at December 31, 2004	29,352	
Cancelled January 2005	29,352	0.01
Outstanding at December 31, 2005	—	

In conjunction with the 2005 Merger, outstanding stock options under this plan were cancelled and replaced with restricted stock awards. The options granted during the ten months ended December 31, 2004 had exercise prices below the market value of the underlying common stock; therefore, compensation expense of \$308, reflecting the fair value of the stock options, is included in the consolidated statement of operations. For those options granted prior to March 3, 2004, had the Company elected to recognize compensation cost based on the fair value of the options granted at the grant date, as prescribed by SFAS 123, the Company would have recorded approximately \$5 of compensation expense for the two months ended February 29, 2004.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted-average assumptions used for the ten months ended December 31, 2004, the two months ended February 29, 2004 and the year ended December 31, 2003, respectively: expected volatility of 0%, risk-free interest rates of 4.8% to 6.7%, expected option life of ten years, and no expected dividends.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

### 13. Income Taxes

The components of the provision for income taxes from continuing operations for the year ended December 31, 2006 and 2005, the ten months ended December 31, 2004 and the two months ended February 29, 2004, consist of:

	Successor			Predecessor
	December 31, 2006	December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
Current:				
Federal	\$ -	\$ -	\$ -	\$ -
State	262	-	12	2
Deferred	-	-	3,790	-
	<u>\$ 262</u>	<u>\$ -</u>	<u>\$ 3,802</u>	<u>\$ 2</u>

The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

	Successor			Predecessor
	December 31, 2006	December 31, 2005	Ten months ended December 31, 2004	Two months ended February 29, 2004
Statutory federal income tax rate	34.0%	34.0%	34.0%	34.0%
State and local income tax, net of federal tax benefits	0.4	0.0	1.3	(0.2)
Permanent items	0.0	0.0	0.5	(0.3)
Valuation allowance	(34.4)	(34.0)	(10.7)	(33.8)
Other	0.0	0.0	1.2	0.0
Effective income tax rate	<u>0.0%</u>	<u>0.0%</u>	<u>26.3%</u>	<u>(0.3)%</u>

Deferred taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Broadview Networks Holdings, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

**13. Income Taxes (continued)**

The components of the net deferred tax assets (liabilities) consist of the following at December 31, 2006 and 2005:

	December 31	
	2006	2005
Accounts receivable	\$ 1,859	\$ 2,343
Net operating loss carryforwards	28,040	113,621
Deferred revenue	3,198	2,012
Customer lists	1,305	1,776
Deferred rent	1,095	—
Other	983	1,908
Total deferred tax assets	<u>36,480</u>	<u>121,660</u>
Customer lists	20,778	28,358
Trademark	46	—
Goodwill	1,117	—
Depreciation	13,565	8,660
Total deferred tax liabilities	<u>35,506</u>	<u>37,018</u>
Net deferred tax assets	974	84,642
Valuation allowance	(974)	(84,642)
	<u>\$ —</u>	<u>\$ —</u>

The Company completed a study in 2006 of its available net operating loss carryforwards (“NOLs”) resulting from the 2005 Merger. The utilization of these NOL carryovers is subject to restrictions pursuant to Section 382 of the Internal Revenue Code. As such, it was determined that certain NOLs recorded by the Company as deferred tax assets for the year ended December 31, 2005 were limited. At December 31, 2006, the Company had net operating loss carryforwards totaling approximately \$70,000 which expire through 2025.

The Company has provided a full valuation allowance against the net deferred tax asset as of December 31, 2006 and 2005 because management does not believe it is more likely than not that this asset will be realized. If the Company achieves profitability, the net deferred tax assets may be available to offset future income tax liabilities.



## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **14. Employee Savings and Retirement Plan**

The Company has a contributory defined contribution plan under Section 401(k) of the Internal Revenue Code (the "Code") covering all qualified employees. Participants may elect to defer up to 20% of their annual compensation, subject to an annual limitation as provided by the Code. The Company's matching contribution to this plan is discretionary. For the year ended December 31, 2006, the ten months ended December 31, 2004 and the two months ended February 29, 2004, the Company made contributions of approximately \$32, \$38 and \$7, respectively, to this plan. For the year ended December 31, 2005, the company did not make any contributions to this plan.

#### **15. Commitments and Contingencies**

The Company has employment agreements with certain key executives at December 31, 2006. These agreements provide for base salaries and performance bonuses over periods ranging from one to two years. These employment agreements also provide for severance compensation for a period of up to 12 months after termination.

The Company has, in the ordinary course of its business, disputed certain billings from carriers and has recorded the estimated settlement amount of the disputed balances. The settlement estimate is based on various factors, including historical results of prior dispute settlements. The amount of such charges in dispute at December 31, 2006 was in excess of \$43,000. The Company believes that the ultimate settlement of these disputes will be at amounts less than the amount disputed and has accrued the estimated settlement in accounts payable and accrued expenses and other current liabilities at December 31, 2006. It is possible that actual settlement of such disputes may differ from these estimates and the Company may settle at amounts greater than the estimates.

In February 2007, the Company finalized a settlement with its major telecommunications supplier and paid \$15,200 to extinguish approximately \$39,000 of outstanding disputes. In connection with the settlement, in 2006 the Company recorded a reduction in costs of revenues of approximately \$5,000.

## Broadview Networks Holdings, Inc. and Subsidiaries

### Notes to Consolidated Financial Statements (continued)

*(In thousands, except share information)*

#### **15. Commitments and Contingencies (continued)**

The Company has entered into a commercial agreement with a vendor under which it purchases certain services that it had previously leased under the UNE-P provisions of the Telecommunications Act of 1996. The agreement requires certain minimum purchase obligations and contains fixed but escalating pricing over its term. The obligation as of December 31, 2006 under this agreement amounts to approximately \$84,000 over four years.

The Company is involved in claims and legal actions arising in the ordinary course of business. Management is of the opinion that the ultimate outcome of these matters will not have a material adverse impact on the Company's consolidated financial position, results of operations, or cash flows.

#### **16. Related Party Transactions**

In 2004, MCG provided certain management and administrative services to the Company at agreed-upon rates. Management fees of \$4,000 and \$1,000 are included in other expense in the consolidated statements of operations for the ten months ended December 31, 2004 and the two months ended February 29, 2004, respectively.

#### **17. Subsequent Event—Acquisition Agreement**

In February 2007, the Company entered into an agreement to acquire InfoHighway Communications Inc. ("InfoHighway"). InfoHighway is a provider of hosted and managed communications solutions in the northeastern United States. The Company expects to finance the transaction through the issuance of additional Senior Secured Notes. The cash portion of the purchase price plus transaction expenses will be funded from the proceeds of a committed debt financing offered to the Company by a financial institution. The agreement is subject to Federal and State regulatory approvals and is expected to close in the second quarter of fiscal 2007.

# Broadview Networks Holdings, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In thousands, except share information)

### 18. Selected Quarterly Financial Data (Unaudited)

The following tables set forth certain consolidated statement of operations data for each of the quarters in 2006. This information has been derived from the Company's quarterly unaudited condensed consolidated financial statements. The quarterly unaudited condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements included in this report and include all adjustments that the Company considers necessary for a fair presentation of such information. The operating results for any quarter do not necessarily indicate the results for any subsequent period or for the entire fiscal year.

	For the quarter ended			
	December 31, 2006 (a)	September 30, 2006 <i>Restated</i>	June 30, 2006 <i>Restated</i>	March 31, 2006 <i>Restated</i>
Revenues	\$ 96,231	\$ 57,675	\$59,377	\$ 59,369
Operating expenses:				
Cost of revenues (exclusive of depreciation and amortization)	50,556	24,354	27,424	28,506
Selling, general and administrative	35,151	23,968	22,903	23,208
Deferred compensation	163	163	138	290
Software development	619	203	493	505
Depreciation and amortization (b)	15,240	11,723	11,788	11,030
Merger integration costs	362	680	233	155
Total operating expenses	102,091	61,091	62,979	63,694
Loss from operations	(5,860)	(3,416)	(3,602)	(4,325)
Other income (expense)	22	—	—	—
Interest expense	(7,063)	(8,369)	(4,818)	(5,214)
Interest income	467	706	96	127
Loss before provision for income taxes	(12,434)	(11,079)	(8,324)	(9,412)
Provision for income taxes	(262)	—	—	—
Net loss	\$ (12,696)	\$ (11,079)	\$ (8,324)	\$ (9,412)

- (a) Results for the quarter include the acquisition of ATX Communications which was acquired on September 29, 2006 (see Note 3).
- (b) Depreciation and amortization for the March 31, June 30 and September 30 periods has been restated to include reductions of \$2,665, \$1,602 and \$1,199, respectively, from previously reported amounts. Accordingly, net loss was reduced by the same amounts for these periods. This restatement has no impact on depreciation expense or net loss for the year ended December 31, 2006.


**BEFORE THE PUBLIC SERVICE COMMISSION  
OF SOUTH CAROLINA**

**STATE OF NEW YORK                    )**  
**)**                   **ss:**  
**COUNTY OF WESTCHESTER        )**

**CERTIFICATION**

I, Corey Rinker, a duly authorized officer of Broadview Networks, Inc. ("Broadview"), am authorized to make this certification on behalf of Broadview. The statements concerning Broadview made in the foregoing Financial Statements are true, complete, and accurate to the best of my knowledge and are made in good faith.

Broadview Networks, Inc.

By:   
Corey Rinker  
Chief Financial Officer, Treasurer and  
Assistant Secretary

Subscribed and sworn to before me, in and for the State and County named above this 6th day of NOVEMBER, 2007.

  
Notary Public

My commission expires: 9/20/2008

WILSON ROCAFUERTE JR.  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01R06116202  
Qualified in Westchester County  
Commission Expires September 20, 2008

## **Exhibit E**

### **Biographies of Key Personnel**

## **BROADVIEW NETWORKS, INC.**

### **TECHNICAL QUALIFICATIONS/MANAGEMENT EXPERIENCE**

The Company has assembled a highly skilled management team, which brings a wealth of experience and expertise to the Company's telecommunications services venture. Together, the Company's executives provide it with the depth and breadth of management, operational and technical capabilities necessary to facilitate its provision of high quality, affordable telecommunications services.

Brief summaries of the experience of key members of the Company's executive team are set forth below:

#### **MICHAEL K. ROBINSON** **President and Chief Executive Officer**

Mr. Robinson joined the Company as Chief Executive Officer in March, 2005. Prior to that time, Mr. Robinson had been with US LEC Corporation, a publicly traded competitive telecommunications provider, holding the position of Executive Vice President and Chief Financial Officer since July, 1998. In this role, Mr. Robinson was responsible for all financial operations for the company, including treasury, general accounting and internal control, investor relations, billing and information systems development, information technology, human resources and real estate. Prior to joining US LEC, Mr. Robinson spent 10 years in various management positions with the telecommunications division of Alcatel, including Vice President and Chief Financial Officer of Alcatel Data Networks and the worldwide financial operations of the Enterprise and Data Networking Division of Alcatel. Prior to these roles, Mr. Robinson was Chief Financial Officer of Alcatel Network Systems. Before joining Alcatel, Mr. Robinson held various management positions with Windward International and Siecor Corp. Mr. Robinson holds a Masters Degree in Business Administration from Wake Forest University.

#### **BRIAN P. CROTTY** **Chief Operating Officer**

Mr. Crotty has over 14 years of senior management experience in the telecommunications industry. In his role with Broadview, Mr. Crotty is responsible for all operational aspects of the Company including sales, marketing, provisioning, billing, network operations, repair, field services and customer service. Mr. Crotty formerly served as the Chief Operating Officer of BridgeCom International, Inc. Prior to joining BridgeCom, Mr. Crotty held a succession of positions with CoreComm Ltd., a publicly traded integrated communications provider with facilities throughout the Northeast and Midwest, most recently serving in the role of Director of Operations. Mr. Crotty joined CoreComm Ltd., through the acquisition of USN Communications Inc., where he held a

succession of senior management roles in both sales and operations including Vice President of Operations. Prior to that time, Mr. Crotty was the co-founder and served as Executive Vice President of The Millenium Group, one of the first competitive local exchange carriers in the state of Wisconsin. In addition, Mr. Crotty has also served in managerial positions with CEI Communications, which he founded, and AT&T Corp. Mr. Crotty obtained a degree in Business Administration from St. Norbert College.

**COREY RINKER**

**Chief Financial Officer, Treasurer and Assistant Secretary**

Mr. Rinker, a Certified Public Accountant and Attorney, joined the Company (originally with BridgeCom International, Inc.) as Chief Financial Officer in January 2001 following seven years of experience serving in similar positions with both privately held and publicly traded corporation including The Intellisource Group, a Safeguard Scientifics, Inc. partnership company. Mr. Rinker also possesses nearly a decade of cumulative experience with predecessors of the Big Four accounting firms of Deloitte & Touche LLP and Ernst & Young LLP, serving in senior managerial positions in the tax and consulting areas. Mr. Rinker has an Accounting Degree, with honors, from the University of Massachusetts at Amherst and a J.D. degree from Yeshiva University's Cardozo School of Law.

**CHARLES C. HUNTER**

**Executive Vice President, Secretary and General Counsel**

Mr. Hunter has served as Executive Vice President, Secretary and General Counsel of Broadview since 2003. Mr. Hunter responsible for corporate and legal affairs of the Company, including federal and state public policy advocacy. Mr. Hunter is a 25-year veteran of telecommunications law and policy who has represented competitive providers of communications services for well over a decade. Prior to joining Broadview, Mr. Hunter headed the Hunter Communications Law Group, P.C., a District of Columbia based boutique telecommunications law firm with a nationwide clientele. Mr. Hunter began his legal career as a trial attorney with the Federal Maritime Commission and afterwards was a partner specializing in telecommunications matters at the Chicago-based law firm of Gardner, Carton and Douglas and the District of Columbia based law firm of Herron, Burchette, Ruckert and Rothwell. Mr. Hunter received his J.D. from the Duke University School of Law and his undergraduate degree from the University of Michigan at Ann Arbor. Mr. Hunter is a member of the bars of New York, the District of Columbia, the U.S. Supreme Court and numerous Federal Appellate Courts.

**KENNETH A. SHULMAN**  
**Chief Technology Officer and Chief Information Officer**

Mr. Shulman joined Broadview in 1999 as Chief Technology Officer. In this role, he is responsible for the architecture, technology, standards and evolution plans for the Company's integrated communications networks and services. As Chief Information Officer, Mr. Sulman is also responsible for the Company's patented integrated provisioning, billing and CRM systems, software and IT infrastructure. Mr. Shulman has nearly 30 years of leadership experience in communications technology. He previously served as Vice President of local network technology for AT&T, a position he assumed when AT&T acquired Teleport Communications Group ("TGC") in 1998. From 1987 to 1988, Mr. Shulman held officer positions with TGC, including Senior Vice President and Chief Technology Officer. Earlier, Mr. Shulman was Director of Systems Engineering for MCI International. Prior to that time, Mr. Shulman specialized in network planning with Bell Communications Research, Inc. ("BellCore") and Bell Laboratories. Mr. Shulman holds a B.S. in Electrical Engineering from the State University of New York at Stony Brook, an M.S. in Electrical Engineering from the University of Rochester, and an M.B.A. from The Wharton School of Business at the University of Pennsylvania. Mr. Shulman has served on many technical advisory boards and currently serves on advisory board of Baker Capital and Baypackets, Inc.

**TERENCE J. ANDERSON**  
**Executive Vice President – Corporate Development**

Mr. Anderson was the co-founder of Broadview Networks in 1996 and has served as Executive Vice President, Finance since the Company's inception. Mr. Anderson's current role includes corporate development, business planning and financial analysis. He has led efforts to raise start-up capital, offered financial direction and assisted in securing subsequent financing. Previously, as a Vice President in the Media and Telecommunications Finance and Telecommunications Finance Group of Chemical Banking Corp. from 1988 to 1995, Mr. Anderson was responsible for originating and executing transactions and financing for diverse customers, including several large cable operators. Mr. Anderson holds a Bachelor's Degree in Economics from Princeton University and an M.B.A. with honors from Columbia University.



**Exhibit F**  
**Proposed Interexchange Telecommunications**  
**Services Tariff**

**Broadview Networks, Inc.**

**SOUTH CAROLINA TELECOMMUNICATIONS TARIFF**

This tariff contains the rates, terms and conditions applicable to Resold Interexchange Telecommunications Services provided by **Broadview Networks, Inc.**, with principal offices at 800 Westchester Avenue, Suite N-501, Rye Brook, NY 10573.

This tariff applies for services furnished within the State of South Carolina. This tariff is on file with the South Carolina Public Service Commission, and copies may be inspected during normal business hours at the Company's principal place of business.

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Issued: November 15, 2007

Charles C. Hunter, Executive Vice President & General Counsel  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

Effective:

**CHECK SHEET**

Pages of this tariff, as indicated below, are effective as of the date shown at the bottom of the respective pages. Original and revised pages, as named below, comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this page.

PAGE NO.	REVISION	PAGE NO.	REVISION
1	Original*		
2	Original*		
3	Original*		
4	Original*		
5	Original*		
6	Original*		
7	Original*		
8	Original*		
9	Original*		
10	Original*		
11	Original*		
12	Original*		
13	Original*		
14	Original*		
15	Original*		
16	Original*		
17	Original*		

\* - Indicates those pages included with this filing

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Issued: November 15, 2007

Effective:

Charles C. Hunter, Executive Vice President & General Counsel  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

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## SYMBOLS

The following are the only symbols used for the purposes indicated below:

- (C) - Change in Rule or Regulation.
- (D) - Delete or discontinue.
- (I) - Change resulting in an increase to a customer's bill.
- (M) - Moved from or to another tariff location.
- (N) – New.
- (R) - Change resulting in a reduction to a customer's bill.
- (T) - Change in text or regulation.

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Issued: November 15, 2007

Effective:

Charles C. Hunter, Executive Vice President & General Counsel  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

## SECTION 1 - DEFINITIONS

**Access Line** - An arrangement which connects the Subscriber's or Customer's location to the Carrier's designated point of presence or network switching center.

**Authorized User** - A person, firm or corporation, or any other entity authorized by the Customer or Subscriber to communicate utilizing the Company's services.

**Carrier or Company** - Broadview Networks, Inc., unless otherwise indicated by the context.

**Customer** - The person, firm or corporation, or other entity which orders, cancels, amends, or uses service and is responsible for the payment of charges and/or compliance with tariff regulations.

**Customer Premises Equipment** - Terminal equipment, as defined herein, which is located on the Customer's premises.

**Dedicated Access** - See Special Access Origination/Termination.

**SCPSC** - Refers to the South Carolina Public Service Commission.

**Special Access Origination/Termination** - Where originating or terminating access between the Customer and the interexchange carrier is provided on dedicated circuits. The Access Provider provides these dedicated circuits from the Customer's location to the Company's point of presence. The rates and charges for dedicated circuits are determined by the Access Provider and the Customer is responsible for payment of these charges to the Access Provider.

**Subscriber** - The person, firm, corporation, or other legal entity, which arranges for services of the Company on behalf of itself or Authorized Users. The Subscriber is responsible for compliance with the terms and conditions of this tariff. A Subscriber may also be a Customer when the Subscriber uses services of the Company.

**Switched Access Origination/Termination** - Where originating or terminating access between the Customer and the interexchange carrier is provided on Feature Group D circuits.

**Terminal Equipment** - Devices, apparatus, and associated wiring, such as teleprinters, telephones, or data sets.

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Issued: November 15, 2007

Effective:

Charles C. Hunter, Executive Vice President & General Counsel  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573

**SECTION 2 - RULES AND REGULATIONS****2.1 Undertaking of the Company**

Broadview Networks, Inc. offers intrastate service originating at specified points within the state of South Carolina under terms of this tariff. The Company's services and resold facilities are provided on a monthly basis unless otherwise provided, and are available twenty-four hours per day, seven days per week.

The Company installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. The Company may act as the Subscriber's agent for ordering access connection facilities provided by other carriers or entities, when authorized by the Subscriber, to allow connection of a Subscriber's location to the Company's network. The Subscriber shall be responsible for all charges due for such service arrangement.

**2.2 Limitations**

- 2.2.1** Service is offered subject to the availability of the necessary resold facilities and equipment, or both facilities and equipment, and subject to the provisions of this tariff.
- 2.2.2** The Company reserves the right to discontinue or limit service when necessitated by conditions beyond its control, or when the Subscriber or Customer is using service in violation of provisions of this tariff, or in violation of the law.
- 2.2.3** The Company does not undertake to transmit messages, but offers the use of its facilities when available, and will not be liable for errors in transmission or for failure to establish connections.
- 2.2.4** All services and resold facilities provided under this tariff are directly or indirectly controlled by the Company and the Subscriber may not transfer or assign the use of service or facilities without the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.5** Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions of service.

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**SECTION 2 - RULES AND REGULATIONS****2.3 Use**

Services provided under this tariff may be used for any lawful purpose for which the service is technically suited.

**2.4 Liabilities of the Company**

- 2.4.1** The Company's liability for damages arising out of mistakes, interruptions, omissions, delays, errors, or defects in transmission which occur in the course of furnishing service or facilities, shall be determined in accordance with SCPSC regulations and any other applicable law.
- 2.4.2** The Company shall not be liable for claim or loss, expense or damage (including indirect, special or consequential damage), for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by any person or entity other than the Company, by any malfunction of any service or facility provided by any other carrier, by an act of God, fire, war, civil disturbance, or act of government, or by any other cause beyond the Company's direct control.
- 2.4.3** The Company shall not be liable for, and shall be fully indemnified and held harmless by Customer and Subscriber against any claim or loss, expense, or damage (including indirect, special or consequential damage) for defamation, libel, slander, invasion, infringement of copy-right or patent, unauthorized use of any trademark, trade name or service mark, unfair competition, interference with or misappropriation or violation of any contract, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data, information, or other content revealed to, transmitted, or used by the Company under this tariff; or for any act or omission of the Customer or Subscriber; or for any personal injury or death of any person caused directly or indirectly by the installation, maintenance, location, condition, operation, failure, presence, use or removal of equipment or wiring provided by the Company, if not directly caused by negligence of the Company.
- 2.4.4** The Company shall not be liable for any defacement of or damages to the premises of a Subscriber resulting from the furnishing of service, which is not the direct result of the Company's negligence.



**SECTION 2 - RULES AND REGULATIONS****2.5 Taxes**

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

**2.6 Terminal Equipment**

The Company's facilities and service may be used with or terminated in Subscriber-provided terminal equipment or Subscriber-provided communications systems, such as a PBX or Pay Telephone. Such terminal equipment shall be furnished and maintained at the expense of the Subscriber, except as otherwise provided. The Subscriber is responsible for all costs at his or her premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's service. When such terminal equipment is used, the equipment shall comply with the generally accepted minimum protective criteria standards of the telecommunications industry as endorsed by the Federal Communications Commission.

**2.7 Installation and Termination**

Service is installed upon mutual agreement between the Subscriber and the Company. The agreement will determine terms and conditions of installation, termination of service, any applicable sales commission structure, and sales commission payment schedule. The service agreement does not alter rates specified in this tariff.

When Customers are members of the transient public, they do not contract directly with the Company for provision of service. Subscribers contract for service on behalf of themselves and/or their transient patrons. Service provided to Customers (patrons of the contracting party) is governed by the terms of this tariff schedule and the lawful terms of the billing agency. No contractual agreements are required of the Customer.

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## SECTION 2 - RULES AND REGULATIONS

### 2.8 Cancellation by the Company

Without incurring liability, the Company may immediately discontinue services to a Subscriber or End User or may withhold the provision of ordered or contracted services:

- 2.8.1 For nonpayment of any sum due for more than thirty days after issuance of the bill for the amount due,
- 2.8.2 For violation of any of the provisions of this tariff,
- 2.8.3 For violation of any law, rule, regulation or policy of any governing authority having jurisdiction over the Company's services, or
- 2.8.4 By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its services.

### 2.9 Interruption of Service by the Company

Without incurring liability, the Company may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of subscriber and the Company's equipment and facilities and may continue such interruption until any items of non-compliance or improper equipment operation so identified are rectified.

The Company may discontinue Service without notice to the subscriber, by blocking traffic to certain countries, cities, or NXX exchanges, or by blocking calls using certain customer authorization codes, when the Company deems it necessary to take such action to prevent unlawful use of its service. The Company will restore service as soon as it can be provided without undue risk, and will, upon request by the customer affected, assign a new authorization code to replace the one that has been deactivated.

### 2.10 Termination of Service by Subscriber

Unless otherwise specified by contractual commitment, any Subscriber may terminate service with the Company upon thirty days written notice.

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## SECTION 2 - RULES AND REGULATIONS

### 2.11 Payment for Service

All charges due by the Customer are payable to any agency duly authorized to receive such payments. The billing agency may be a local exchange telephone company, credit card company, or other billing service. Terms of payment shall be according to the rules and regulations of the agency and subject to the rules of regulatory agencies, such as the SCPSC. Any objections to billed charges must be reported within 180 days to the Company's billing agent. Adjustments to Customer's bills shall be made to the extent that circumstances exist which reasonably indicate that such changes are appropriate.

Customer inquiries regarding service or billing may be made in writing or by calling the toll free number listed below:

Broadview Networks, Inc.  
Customer Care Department  
800 Westchester Avenue, Suite N-501  
Rye Brook, NY 10573  
(800) 276-2384

Customers who are dissatisfied with the response to their complaint may contact the South Carolina Public Service Commission for resolution of the issues at the following address:

South Carolina Public Service Commission  
101 Executive Center Dr.  
Columbia, SC 29210  
(803) 896-5100

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## SECTION 2 - RULES AND REGULATIONS

### 2.12 Other Rules

#### 2.12.1 Regulatory Changes

The Company reserves the right to discontinue service, limit service, or to impose requirements on Subscribers as required to meet changing regulatory rules and standards of the South Carolina Public Service Commission and the Federal Communications Commission.

#### 2.12.2 Refunds or Credits for Service Outages or Deficiencies

Credit allowances for interruptions of service caused by service outages or deficiencies are limited to the initial minimum period call charges for re-establishing the interrupted call.

### 2.13 800/888/876/866 Numbers

2.13.1 The Company will make every effort to reserve "800" vanity numbers on behalf of customers, but makes no guarantee or warrantee that the requested "800" number(s) will be available or assigned to the customer requesting the number.

2.13.2 If a Customer accumulates undisputed past-due charges, the Company reserves the right not to honor the Customer's request for a change in 800/888/877/866 service to another carrier (e.g., "porting" of the 800/888/877/866 number), including a request for a Responsible Organization (Resp Org) change, until such time as all charges are paid in full.

2.13.3 800/888/877/866 numbers shared by more than one Customer, whereby individual customers are identified by a unique Personal Identification Number, may not be assigned or transferred for use with service provided by another carrier. The Company will only honor Customer requests for change in Resp Org or 800/888/877/866 service provider for 800/888/877/866 numbers dedicated to the sole use of that single Customer.

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**SECTION 3 – DESCRIPTION OF SERVICES AND RATES**

**3.1 Description of Rates**

Services are available to subscribers under the following rate plans. Calls in each rate plan are billed in increments with minimum billing increments as specified. No charge is made for an uncompleted call.

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**SECTION 3 – DESCRIPTION OF SERVICES AND RATES****3.2 Broadview Basic Plan****3.2.1 Basic Interstate**

Broadview Basic Interstate Plan is a telecommunications service that provides Outbound 1+ interstate service from any state in the United States to any other state in the United States. All usage is billed in 60 second increments. A monthly service fee applies.

Per Minute Rate: \$0.05

Monthly Service Fee: \$2.99

**3.2.2 Basic Interstate Travel Card**

Broadview Basic Interstate Travel Card is a travel card service that provides Outbound 1+ interstate service from any state in the United States to any other state in the United States. All usage is billed in 60 second increments.

Per Minute Rate: \$0.06

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#### SECTION 4 - MISCELLANEOUS

##### 4.1 General

Each Customer is charged individually for each call placed through the Company. Charges may vary by service offering, class of call, time of day, day of week, class of call and/or call duration.

##### 4.2 Late Payment Charge

The company will charge a one-time 1.5% late payment fee on all invoices not paid by the due date identified on the Company bill.

##### 4.3 Return Check Charge

The Company will assess a return check charge of up to \$20.00 whenever a check or draft presented for payment of service is not accepted by the institution on which it is written. This charge applies each time a check is returned to the Company by a bank for insufficient funds.

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**SECTION 4 - MISCELLANEOUS****4.4 Public Telephone Surcharge**

In order to recover the Company's expenses to comply with the FCC's pay telephone compensation plan effective on October 7, 1997 (FCC 97-371), an undiscountable per call charge is applicable to all interstate, intrastate and international calls that originate from any domestic pay telephone used to access the Company's services. This surcharge, which is in addition to standard tariffed usage charges and any applicable service charges and surcharges associated with the Company's service, applies for the use of the instrument used to access the Company service and is unrelated to the Company's service accessed from the pay telephone.

Pay telephones include coin-operated and coinless phones owned by local telephone companies, independent companies and other interexchange carriers. The Public Pay Telephone Surcharge applies to the initial completed call and any reoriginated call (i.e., using the "#" symbol).

Whenever possible, the Public Pay Telephone Surcharge will appear on the same invoice containing the usage charges for the surcharged call. In cases where proper pay telephone coding digits are not transmitted to the Company prior to completion of a call, the Public Pay Telephone Surcharge may be billed on a subsequent invoice after the Company has obtained information from a carrier that the originating station is an eligible pay telephone.

The Public Pay Telephone Surcharge does not apply to calls placed from pay telephones at which the Customer pays for service by inserting coins during the progress of the call.

**4.4.1 Public Telephone Surcharge**

Rate per Call	\$0.75
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## SECTION 5 - PROMOTIONS

### 5.1 Promotions - General

From time to time the Company shall, at its option, promote subscription or stimulate network usage by offering to waive some of all of the nonrecurring or recurring charges for the Customer (if eligible) of target services for a limited duration, not to exceed 90 days, or by offering premiums or refunds of equivalent value. Such promotions shall be made available to all similarly situated Customers in the target market area. All promotions will be filed with and approved by the Commission prior to offering them to Customers.

### 5.2 Demonstration of Calls

From time to time the Company shall demonstrate service by providing free test calls of up to four minutes duration over its network.

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## SECTION 6 - CONTRACT SERVICES

### 6.1 General

At the option of the Company, service may be offered on a contract basis to meet specialized requirements of the Customer not contemplated in this tariff. The terms of each contract shall be mutually agreed upon between the Customer and Company and may include discounts off of rates contained herein, waiver of recurring or nonrecurring charges, charges for specially designed and constructed services not contained in the Company's general service offerings, or other customized features. The terms of the contract may be based partially or completely on the term and volume commitment, type of originating or terminating access, mixture of services or other distinguishing features. Service shall be available to all similarly situated Customers for six months after the initial offering to the first contract Customer for any given set of terms.

Each contract will be filed with the South Carolina Public Service Commission.

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## **Exhibit G**

### **Proposed Notice of Filing and Hearing**

PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

DOCKETING DEPARTMENT

NOTICE OF FILING AND HEARING

DOCKET NO. 2007-\_\_\_\_-C

Broadview Networks, Inc. ("Broadview" or "Applicant") has filed an Application with the Public Service Commission of South Carolina ("Commission") for a Certificate of Public Convenience and Necessity to provide resold facilities-based interexchange telecommunications services throughout the State of South Carolina, pursuant to S.C. Code Ann. § 58-9-280.

Broadview requests that the Commission regulate its interexchange business services pursuant to the procedures described and set forth in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C, as modified by Order No. 2001-997 in Docket No. 2000-407-C.

A copy of the Application is on file in the offices of the Commission, 101 Executive Center Drive, Columbia, South Carolina 29210, the Commission's website at [www.psc.sc.gov](http://www.psc.sc.gov), and is available from John J. Pringle, Jr., Esquire, Ellis, Lawhorne & Sims, P.A., P.O. Box 2285, Columbia, South Carolina, 29202.

**PLEASE TAKE NOTICE** a hearing on the above matter has been scheduled to begin at \_\_\_\_\_ a.m. \_\_\_\_\_, 2008, before Hearing Examiner David Butler, Esquire in the Commission's Law Library at 101 Executive Center Drive, Saluda Building, Columbia, South Carolina 29210.

Any person who wishes to participate in this matter, as a party of record with the right of cross-examination, should file a Petition to Intervene in accordance with the Commission's Rules of Practice and Procedure on or before **November \_\_, 2007**, and indicate the amount of time required for his presentation. Please include an email address for receipt of future Commission correspondence in the Petition to Intervene. *Please refer to Docket No. 2007-\_\_\_\_-C.*

Any person who wishes to testify and present evidence at the hearing, should notify the Docketing Department, in writing, at the address below, the Office of Regulatory Staff at Post Office Box 11263, Columbia, South Carolina 29211, and John J. Pringle, Jr., Esquire, at the above address, on or before **November \_\_, 2007**, and indicate the amount of time required for his presentation. *Please refer to Docket No. 2007-\_\_\_\_-C.*

Any person who wishes to be notified of any change in the hearing, but does not wish to present testimony or be a party of record, may do so by notifying the Docketing Department, in writing, at the address below on or before **November \_\_, 2007**. *Please refer to Docket No. 2007-\_\_\_\_-C.*

**PLEASE TAKE NOTICE:** Any person who wishes to have his or her comments considered as part of the official record of this proceeding **MUST** present such comments, in person, to the Commission during the hearing.

Persons seeking information about the Commission's Procedures should contact the Commission at (803) 896-5100.

Public Service Commission of South Carolina  
Attn: Docketing Department  
Post Office Drawer 11649  
Columbia, South Carolina 29211

November\_\_\_\_-07